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E-Commerce

Global Market Overview & Outlook

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Executive Summary

Global E-Commerce Outlook

Key View

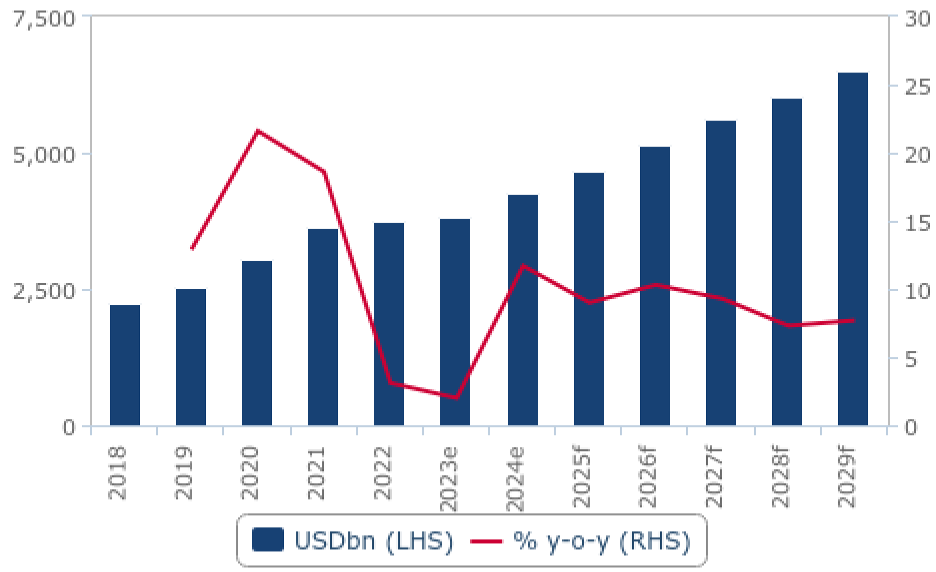
- Out to 2029, global e-commerce will enter a steadier expansion phase, with online's share of retail continuing to climb, as AI-driven predictive commerce, social shopping and seamless omnichannel experiences become embedded across mature and EMs.
- APAC will sustain leadership with scale and rapid adoption; North America will advance on mobile, social and first-party data maturity; Europe will re-accelerate on stabilising confidence and logistics upgrades; and LatAm, MENA and SSA will build momentum from improving payments, connectivity and marketplace ecosystems.
- Strong growth will depend on disciplined execution, robust data governance and explainable AI, hedging platform dependency and measurement gaps in social commerce, navigating cross-border compliance and fraud risks, as well as delivering credible sustainability and loyalty programmes that create clear consumer value.

Global Outlook

Households will spend a total of USD5.1trn on consumer goods through e-commerce channels in 2026, growing by 10% y-o-y. This expansion will be underpinned by widespread adoption of artificial intelligence (AI)-driven predictive commerce, the mainstreaming of social shopping and continued investment in seamless, customer-centric omnichannel journeys. While growth moderates from post-pandemic peaks, online's share of total retail will keep rising, led by Mainland China, the US and Western Europe. Out to 2029, we forecast household spending on consumer goods through the e-commerce channel to grow an average of 8.6% a year, reaching USD6.5trn in spending by 2029.

More Stable Period Of E-Commerce Spending Growth

Global - Household Spending Via E-Commerce, USDbn (2018-2029)



e/f = BMI estimate/forecast. Source: National statistics, BMI

Regional Outlook

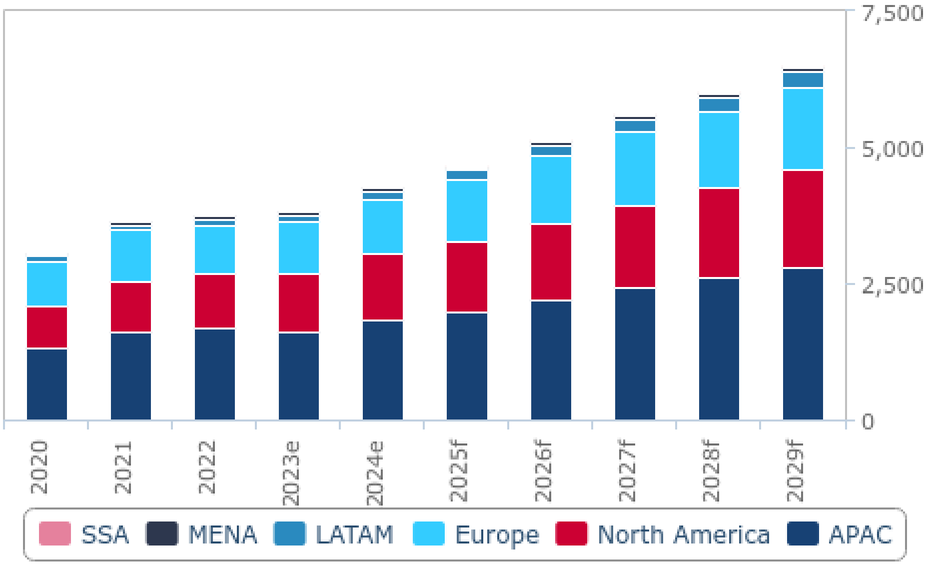
Regionally, the 2026 outlook indicates broad-based regional growth, with Asia-Pacific (APAC) and North America driving the bulk of absolute gains, and Europe re-accelerating after a mid-cycle dip. APAC is set to reach USD2.2trn in 2026, extending its lead and contributing the largest incremental dollars versus 2025, underpinned by China's scale, India's rapid adoption and a resilient South East Asia market. North America will see spending climb to USD1.4trn in 2029, reflecting continued penetration gains, strong mobile commerce, and the maturation of social and subscription models. Europe will rebound to USD1.3trn in 2026, surpassing its 2021 peak after the 2022 trough, aided by stabilisation in consumer confidence and improved logistics. Latin America (LatAm), at USD202bn in spending forecast for 2026, will continue a structurally higher trajectory post-2022 inflection, supported by fintech-enabled payments and marketplace consolidation. The Middle East and North Africa (MENA) region, at USD65bn, and Sub-Saharan Africa (SSA), at USD20bn, will remain smaller in absolute terms but are expected to post solid double-digit growth from a low base. SSA's expected recovery from the 2024 softness further indicates improving connectivity and merchant onboarding. Compared with 2020–2023, when volatility and normalisation effects were pronounced, 2026 will see a return to steadier, demand-driven expansion across regions.

Through to 2029, momentum will remain positive; however, growth rates are expected to gradually decline, as penetration deepens. APAC is projected to add roughly USD600bn from 2026 to 2029, thus sustaining its leadership, as cross-border and business-to-business digitalisation accelerate. North America will add roughly USD400bn in e-commerce spending over the same period, with AI-driven personalisation and first-party data strategies bolstering conversion and lifetime value. Europe will resume consistent year-on-year gains, to USD1.5trn by 2029, which implies a healthier, less volatile path than that seen in the early-2020s. LatAm's rise to USD276bn by 2029 points to enduring formalisation and logistics upgrades, albeit with currency and inflation risks. MENA and SSA are set to advance to USD81bn and USD28bn respectively, with infrastructure, digital wallets and regulatory harmonisation being pivotal to sustaining growth.

Overall, the historical context of the initial Covid-19 pandemic rise, 2022–2023 resets in Europe and parts of APAC will give way to more predictable growth through to 2029, led by APAC scale; North American spend resilience; and catch-up growth in emerging regions, contingent on inflation control, cross-border facilitation and last-mile capacity.

Asia And North America Offer Most Competitive Markets

Global - Household Spending Via E-Commerce, USDbn (2020-2029)



Note: May include territories, special administrative regions, provinces and autonomous regions. e/f = BMI estimate/forecast. Source: Local statistics, BMI

Trends And Developments

AI-Powered Predictive Commerce And Personalisation

AI will enable retailers to anticipate customer intent, serve tailored recommendations and optimise pricing and inventory dynamically, thereby raising conversion rates and average order values. In North America and APAC, where platforms already capture rich behavioural signals, predictive models could drive real-time merchandising and promotion strategies that reduce stockouts and markdowns. Customer service will benefit from conversational AI, improving resolution times and freeing human agents for complex cases. For Europe's recovering growth trajectory, AI could help to refine first-party data strategies in a bid to deepen loyalty and reactivate lapsed customers, while smaller merchants could gain access to off-the-shelf tools that previously required enterprise-scale data science.

An over-reliance on opaque algorithms will raise concerns around bias, explainability and compliance with evolving data protection regimes. Poorly governed models can mis-price, mis-target or amplify demand volatility, which could harm margins and customer trust. The phase-out of third-party cookies increases pressure to build consented data assets, where mishandled consent or data breaches carry reputational and regulatory penalties. Operationally, AI initiatives may suffer from patchy data quality, model drift and talent shortages, while compute costs and latency constraints can erode return on investment. Human-in-the-loop oversight, strong machine learning operations and clear accountability frameworks will be essential to mitigate these risks.

Mainstream Social Commerce And Shoppable Content

Social platforms are becoming end-to-end shopping environments, shortening the path from discovery to purchase with native checkout and creator-led storefronts. Brands can tap into highly engaged communities, thereby leveraging user-generated content and livestreams to launch products rapidly and scale cross-border reach at lower acquisition costs. The format suits mobile-first consumers across APAC and LatAm, where short-form video and messaging commerce are already mainstream. For Europe and North America, social commerce can diversify demand, improve audience insights and build incremental revenue without heavy site rebuilds.

However, platform dependency creates exposure to algorithm changes, ad pricing shifts and policy enforcement that can upend traffic and sales overnight. Measurement remains challenging due to walled gardens and evolving privacy rules, increasing attribution noise and risking inefficient spend. Counterfeit goods, influencer compliance lapses and inconsistent returns experiences can undermine trust. Content fatigue and brand safety issues, along with the need for constant creative refresh, will further raise costs and operational complexity.

Mobile-First, Omnichannel And 'Phygital' Experiences

Superior mobile user experience, fast checkout and click & collect can reduce friction and increase repeat purchases, particularly in urban markets, where convenience is paramount. Integrating online and store inventory widens assortment availability and supports same-day or next-hour fulfilment, thereby enhancing customer satisfaction and basket size. Augmented reality try-on and in-store QR journeys further bridge digital and physical touchpoints, improving conversion in categories such as fashion, beauty and home. For Europe's rebound and North America's resilience, optimised omnichannel networks could raise the utilisation of existing stores and cut last-mile costs.

Omnichannel promises often outpace operational reality. Inaccurate inventory visibility, slow pick & pack and fragmented returns workflows can also damage the customer experience. Capital investment in fulfilment automation and store refits is substantial, and the payback depends on stable demand and disciplined execution. Increased complexity similarly raises cybersecurity exposure and systems integration risks, while maintaining consistent service quality across channels strains staffing and training. If inflationary pressures persists, delivery fees and service charges may creep up, which will reduce adoption unless value is clearly communicated.

Cross-Border Expansion With Localised Experiences

International e-commerce will grow faster than domestic as consumers seek variety and value and as logistics networks improve. Merchants that provide local payment options, currency and language support, transparent duties and easy returns can unlock new customer segments with relatively modest marketing investment. APAC's scale and Europe's mature infrastructure make cross-border particularly attractive, while marketplace partnerships can accelerate market entry. Data-driven localisation (ie, adapting merchandising, pricing and content to local preferences) can also increase conversion and reduce costly returns.

However, cross-border introduces complexity in tax, customs and regulatory compliance, with shifting rules on data residency, product safety and consumer protection. Delivery reliability, return handling and warranty service are also more difficult to standardise across multiple jurisdictions, thus increasing cost-to-serve and the potential risk of dissatisfaction. Forex volatility and payment fraud can similarly erode margins, while misjudged localisation (eg, sizing and/or cultural cues) drives higher return rates. Geopolitical tensions and export controls could also disrupt supply chains or platform access.

First-Party Data Strategies And Sustainability-Led Loyalty

As third-party cookies fade, building rich first-party datasets through loyalty programmes, interactive content and value exchanges will enable compliant personalisation and more reliable measurement. Better audience segmentation and lifecycle marketing could boost retention and customer lifetime value while reducing acquisition dependency. Sustainability initiatives, such as credible emissions reductions, circular services and transparent sourcing, could help to differentiate brands and attract high-intent consumers, particularly in Europe, where regulation and consumer sentiment align. Linking loyalty rewards to sustainable behaviours (ie, repairs and/or recycling) could further deepen engagement and trust.

Collecting and using first-party data demands rigorous consent management, secure infrastructure and ongoing governance to avoid regulatory breaches and reputational harm. Poorly executed loyalty schemes have the potential to become costly liabilities, with low engagement and points inflation. Sustainability claims are also increasingly facing intense scrutiny, where 'greenwashing' risks and inconsistent metrics can backfire, leading to fines or customer backlash. Operationalising sustainability, such as supplier audits, materials changes and reverse logistics for circular services, further adds to cost and complexity. Success thus hinges on transparent measurement; third-party verification, where appropriate; and clear customer value propositions that justify participation.

E-Commerce Maturity Index

E-Commerce Maturity Index

The E-Commerce Maturity Index has been developed to help assess e-commerce development and adoption rates across different markets. It provides a quantitative analysis of market readiness and growth potential for e-commerce by evaluating various indicators, including macroeconomic factors, secular headwinds and tailwinds and e-commerce trends. This tool serves as a benchmark for comparing markets and guiding data-driven decision-making in the ever-evolving digital economy.

The E-Commerce Maturity Index offers a structured approach to evaluating the e-commerce potential of different markets by considering a balanced mix of rewards and risks across industry and country-specific factors. The index rests upon four pillars, namely Industry Rewards, Country Rewards, Industry Risks and Country Risks. Each pillar consists of key indicators that together provide a multi-dimensional view of the e-commerce landscape in a particular market or region. Each pillar also represents a distinct aspect of the e-commerce environment:

- **Industry Rewards:** This pillar captures the economic potential of consumer spending and digital payment adoption within a market, including indicators such as Per Capita Consumer Goods Spending, Total Consumer Goods Spending, the projected growth of Real Household Spending over the next five years, and the prevalence of Digital Payments. These indicators highlight the market's capacity for consumer-led growth and its readiness to embrace e-commerce.
- **Country Rewards:** Reflecting the broader socio-economic landscape, this pillar includes Internet Connectivity, the size and growth of the Mass Affluent Class, the proportion of the Urban Population, and the Spending Population. Together, these indicators offer insights into the market's infrastructure, consumer wealth distribution and the potential customer base for online retailers.
- **Industry Risks:** This pillar addresses the challenges and uncertainties within the industry by focusing on the Regulatory Environment, Retail Formalisation, Investment Openness and Logistics Risks. These indicators help to identify potential barriers to e-commerce growth, such as restrictive policies, under-developed retail sectors, market access limitations and logistical complexities.
- **Country Risks:** The final pillar examines macroeconomic and political factors that could impact e-commerce operations, including Long-Term Economic Risk, Short-Term Economic Risk, Political Risk and Operational Risks. Assessing these risks is crucial for understanding the stability and security of the market environment.

By evaluating these pillars, the index provides a nuanced understanding of both the positive drivers and potential deterrents affecting e-commerce in each market. The balance of rewards and risks offers a comprehensive perspective for businesses to strategise effectively.

The index focuses on just 75 select markets from four regions of the world: North America and Western Europe, Asia-Pacific; Central and Emerging Europe, the Middle East and North Africa, Latin America, and Sub-Saharan Africa. These are the markets that are considered to have the greatest influence on e-commerce market trends, both currently and in the medium-to-long term.

Industry Trends & Developments

Agentic Commerce: The Next Frontier In AI-Powered Retail

Key View: *Several major payment providers recently launched AI agent services that can now complete purchases for consumers. Using secure tokenisation, these agents operate within user-defined parameters for spending limits and purchase types. This evolution transforms AI from an advisor to an authorised buyer, automating the entire shopping journey. Success depends on building consumer trust, with adoption starting with routine purchases before advancing to higher-value transactions. Retailers must adapt with AI-optimised product data or risk invisibility online.*

Payment Providers Are Aggressively Expanding Into Agentic AI Commerce

Over the week of April 28 to May 2 2025, three of the world's largest payments companies, Visa, Mastercard and PayPal, all independently announced that they were deploying agentic commerce, a new service where artificial intelligence (AI) agents assist consumers with shopping through the whole process, now also completing the transaction on their behalf. The three companies' agentic commerce initiatives are:

- Visa's Intelligent Commerce, a platform built to support AI agents in executing trusted, tokenised transactions.
- Mastercard's Agent Pay, replacing payment information with digital tokens for security. Consumers can set parameters under which the AI agent is allowed to make purchases.
- PayPal Agent Toolkit, which enables developers to integrate its payment processes into the agentic AI workflow.

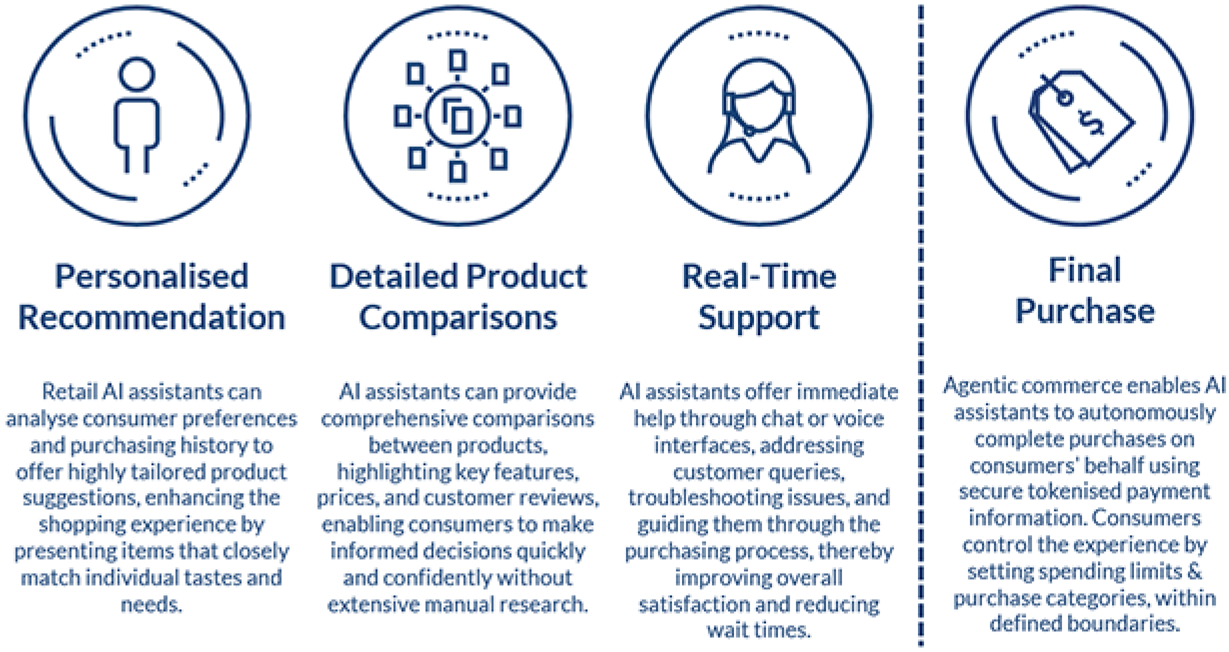
Visa is reportedly working with several AI companies, including OpenAI, Anthropic, Microsoft, Mistral and Perplexity, to integrate its payment capabilities into AI chatbots, with the idea that when consumers use AI chatbots to shop, they will now also be able to use AI agents to pay for purchases. Both Visa and Mastercard's services work via the idea of tokenisation, where a cryptographically protected 16-digit series that is linked to the consumer's original card is given to the AI agent to use. Consumers decide when to activate it, what the agent can buy and how much it can spend, with rules that only work for that AI agent.

Entire Shopping Journey Becoming Fully Automated

We highlighted in our 2025 Consumer & Retail Key Themes, that after beta trials over 2024, AI-powered retail assistants will increasingly become more mainstream over 2025. Major e-commerce players such as Amazon, Taobao, and Zalando have all reported significant benefits, including reduced return rates and enhanced conversion through personalised recommendations and real-time support. These AI assistants leverage advanced natural language processing to create seamless shopping experiences, meeting growing consumer demand for convenience while also helping retailers differentiate in a competitive marketplace.

The emergence of agentic commerce represents the natural evolution of this trend, moving beyond recommendation to actual transaction execution. With major payment providers now enabling AI agents to complete purchases on consumers' behalf, using secure tokenisation technology, the shopping journey is becoming fully automated. These developments transform AI's role from an advisor to an authorised purchasing agent, allowing consumers to delegate both product discovery and buying decisions within pre-set parameters. This shift changes the e-commerce landscape, streamlining the path from product interest to completed transaction while maintaining security through cryptographic protections and consumer-defined spending limits.

Entire Shopping Process Increasingly Being Automated
Main Benefits For Consumers



Source: BMI

What's Next?

The success of agentic commerce hinges largely on establishing robust consumer trust mechanisms, with early adoption likely concentrated among tech-savvy consumers who are more comfortable with delegating purchasing decisions. Consumers will progressively adopt this technology, initially focusing on allowing these AI agents to handle low-risk, more routine purchases, before authorising higher-value transactions. For widespread acceptance, payment providers will need to implement several critical safeguards: transparent boundary-setting that clearly delineates automated versus human-approved actions, explainable decision frameworks that justify product selections, comprehensive audit trails for accountability and frictionless dispute resolution processes.

If there is growing consumer acceptance of these technologies, retailers now face the need to adapt their digital strategies for an AI-first marketplace, requiring investment in structured product data, real-time inventory systems, and machine-readable product attributes that AI agents can effectively interpret. Those who fail to optimise their digital presence for algorithmic discovery risk becoming invisible in this new paradigm, as traditional search engine optimisation tactics give way to AI-friendly product information architecture. The most successful retailers will be those who master both the technical requirements of AI visibility and the psychological aspects of building consumer confidence in automated purchasing, creating entirely new product categories specifically designed for frictionless agent-based discovery and fulfilment.

Future Of Commerce: Increasing AI Adoption For Product Discovery Points To New Direction Of E-Commerce

Key View: *The retail landscape is experiencing a transformation as AI is increasingly being leveraged to revolutionise product discovery mechanisms, responding directly to evolving Gen Z consumer preferences who increasingly seek efficient, personalised shopping experiences beyond traditional search and category-based navigation. This shift represents a restructuring from brand-led and category-based discovery to personalised, AI-curated experiences that can bypass traditional e-commerce platforms entirely, benefitting both luxury and mass-market segments through enhanced recommendation algorithms and more intuitive discovery mechanisms.*

From Social Discovery To Autonomous Shopping

Over the past two years, we have been tracking how artificial intelligence (AI) has been implemented across the consumer and retail sector, from initial beta trials to Agentic Commerce. The latest development is a Gen Z-driven commerce revolution, where AI-powered platforms are transforming product discovery from traditional search to creator-led curation. Social media has become the primary shopping discovery tool for Gen Z consumers, who follow influencers and content creators for product recommendations. However, platform saturation with AI-generated content is creating new consumer fatigue. In response, innovative platforms, such as ChatGPT's Instant Checkout, OneOff and ShopMy, are emerging to enable conversational shopping and personalised discovery. This shift represents a fundamental move from brand-led to people-led commerce, with AI systems evolving from semi-agentic to fully autonomous over the medium term.

The Gen Z Commerce Revolution

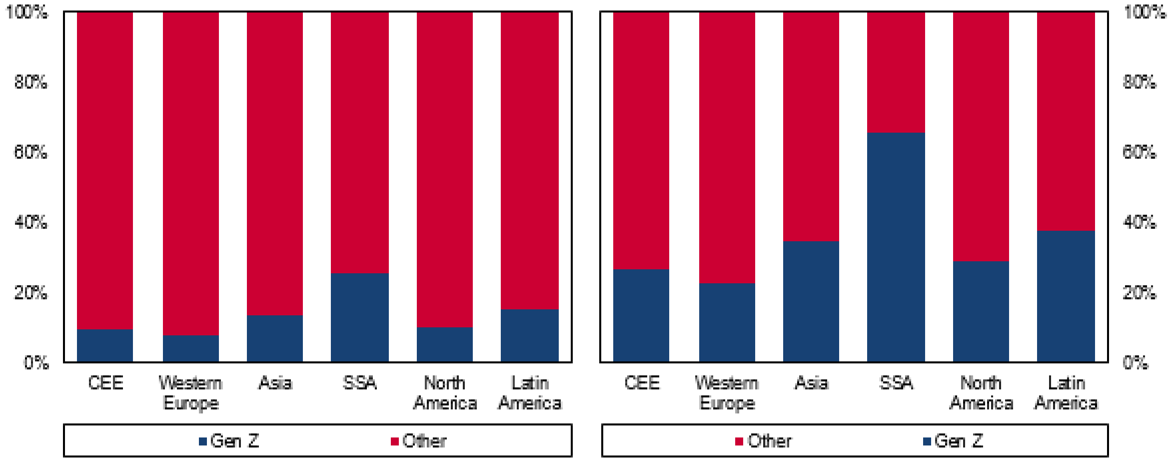
There has been a surge of AI-powered, creator-centric commerce, a trend that will develop rapidly in coming years. These advancements are significant as they are responding to a fundamental shift in consumer behaviour driven mainly by changing Gen Z preferences.

Gen Zs Have Been Reshaping The Way Consumers Shop

Over recent years, affiliate marketing and content creators/influencers have been driving significant brand sales due to the rise of social media platforms, such as Instagram and TikTok, and their growing influence on Gen Z audiences, a generation that has become a significant part of consumer markets across the world. Social media is increasingly being used, by this generation, as a shopping discovery platform, and has created new opportunities for brands and retailers to promote their products via content creators who influence and inspire purchasing decisions among users. The graphic below highlights the important proportion of Gen Zs in major consumer markets. Over the medium term, Gen Zs will make up around a fifth of the populations in many key consumer markets, underscoring the importance of aligning consumer experiences to the generation's preferences to drive wider growth across global consumer markets.

Gen Z Demographic Now An Important Adult Consumer Group

Global - Gen Z Proportion Of Total Adult Population, 2020 (LHS) vs 2030 (RHS)



Note: estimate/forecast. Source: BMI

Evolution Of Consumer Product Discovery

The ease of finding everything online, particularly in terms of shopping, has also challenged traditional brick and mortar commerce, with a strong need for brands to become more visible online. However, the much larger number of options online, compared with the more limited options in a traditional physical store each time has damaged brand visibility, particularly for smaller, less popular brands and has also resulted to less product discoveries as choice overload has to some extent driven online shopping fatigue, prompting consumers to purchase from brands they know and has dampened appetite for new product discovery.

Use Of Social Media Is Rapidly Changing, Especially Among Younger Generations

The average person's use of social media platforms has changed dramatically over the past decade, ultimately shifting the way consumers search for and find products. Increasingly, we are seeing these platforms predominantly being used for product discovery instead, with content creators and influencers promoting products they use or wear, such as skincare products and clothes. Despite starting as a form of social interaction where creators would share their daily routines and products they like or use daily, the scope of the market shifted to a marketing campaign with brands sponsoring creators to promote their products and creators using affiliate links for consumers to shop their looks and favourite products, while they benefit from a commission, creating a new path for brands to reach consumers, which requires less searching.

This has changed the way consumers, particularly younger cohorts such as Gen Z, utilise social media and the way they perceive content creators. Such demographics are more frequrently using social media as search and discovery engines rather than for socialising. This is particularly appealing to more time-sensitive consumers that have less time to spend searching items. The result of this shift has been more impulsive buying by users and on average an overall increase in purchases.

Product Discovery Has Changed As A Result

Due to the majority of younger demographics' free time being spent on social media, consumers have become increasingly aware of new products, brands and trends as a result of a surge in content creators speaking of or promoting such items and ultimately even altering brand growth trajectories depending on what products become viral.

As a result of Gen Zs, the trend of shopping looks and products inspired by content creators and celebrities, has spread across generations, influencing Millennials, Gen X and the growing Gen Alpha population and has become an important sales driver for brands. With the current rise of AI, in combination with the significance of Gen Z consumers (as well as younger generations such as gen Alphas following suit over the medium term), driving the continued prominence of social media as an influential shopping discovery platform, intelligent systems are increasingly being leveraged to further boost sales through these channels.

AI Advancements To Push Online Commerce To Its Next Phase

Process Of Product Discovery Over Time

Source: BMI

The Saturation Problem

Despite this new trend, this product discovery revolution is now facing a significant challenge as social media platforms become increasingly saturated with AI-generated content, synthetic reviews and automated promotional posts creating a new form of consumer fatigue. The very consumers who turned to social media for efficient, time-saving product discovery, particularly the time-sensitive shoppers who valued the convenience of curated recommendations, are now struggling to distinguish between authentic user experiences and algorithmically-generated content. This flood of artificial content is creating a paradox where the platforms designed to streamline product discovery are becoming cluttered with unreliable information, forcing consumers to spend even more time verifying the authenticity of recommendations and reviews, ultimately undermining the original appeal of social media as a trusted, efficient shopping tool.

AI Solutions And Market Response

AI Capabilities Increasingly Being Integrated For More Effective Product Discovery

As consumers are progressively mimicking online content creators and celebrity looks, there has been an increased need for more efficient product discovery. Traditional Search Engine Optimisation's focus on keyword rankings and search engine algorithms has become obsolete in this space, as brands now pivot toward optimising their content for generative AI recommendations, where context, authenticity and conversational relevance matter more than traditional search metrics.

For example, an aspirational style requires search for relevant products, particularly for products that may not vocally be advertised by the ones using or wearing them, such as celebrities. New advancements, leveraging growing AI-capabilities, are enabling users to discover products more efficiently, eliminating search time and simplifying purchasing procedures. AI-powered platforms, focused on products worn or used by content creators and celebrities have recently been on the rise, taking advantage of the on the rising consumer trend of affiliate marketing. AI capabilities are used to search the web for the relevant products, and in some cases to offer product alternatives, such as lower priced dupes, saving consumers search time, in this way also making shopping more appealing. Personalisation is also increasingly being integrated in such systems, further drawing consumers in.

Future Outlook

The new storefront is shifting from brand- and category-led navigation to people-led curation, where shoppers begin with a tastemaker. Together, these approaches recast the store as a curated feed anchored to the consumer, making discovery intuitive, monetisation clearer for talent and distribution more direct for brands. As personalisation continues to become more feasible through intelligent systems that can curate according to consumer taste, we believe AI will increasingly be integrated in similar ways for a more targeted consumer base, ultimately leading to ultra-personalised content. We do, however, highlight however the importance of brands finding a balance in their affiliate marketing. Despite its growth potential, that will be furthered as such platforms continue to develop, a very ad-focused social media feed could result in further consumer fatigue, risking the success of AI-powered, creator-led commerce as users grow weary of revenue-driven brands and creators.

Over the short term we expect these systems to remain semi-agentic, meaning systems that can take limited, goal-directed actions on their own within guardrails and still keep a human in the loop for oversight on taste, brand, or risk-sensitive decisions. Over the medium term we forecast that more sophisticated AI systems will be incorporated for similar purposes with more agentic systems orchestrating procedures for brands and platforms.

A potential positive spillover is that as the luxury market is facing a global slowdown, mainly attributed to higher costs of living dampening consumer spending and challenges in pursuing Gen Z consumers, such platforms can bring a new connection between brands and consumers. Enhanced product discoveries, driven by AI, and content curated for each user, are likely to drive brand growth as shopping influenced from content creators and celebrities continues to grow. This is likely to particularly benefit the luxury segment as it tends to be the main shopping category worn and promoted by content creators and celebrities, which make up the inspired looks for these platforms.

The mass- and mid-range market is also bound to benefit from these developments as platforms such as ChatGPT's instant checkout as well as OneOff offer various product alternatives to what the consumer is seeking, with a predominant interest in finding cheaper alternatives to products that can shape their aspirational looks.

Case Studies: Emerging Platforms

ChatGPT

ChatGPT in September 2025 launched its integrated Instant Checkout payment tool in the United States which enables users to purchase products directly within the platform, pointing to how generative AI can reshape online shopping as we gradually move into agentic commerce. This development represents a fundamental shift in product discovery from keyword-based searching to conversational, intent-driven exploration. Rather than users having to know specific product names or navigate through category hierarchies, ChatGPT's Instant Checkout enables natural language product discovery where customers can describe their needs, preferences, and constraints in everyday terms. This creates a more intuitive and personalised shopping experience that could bypass traditional e-commerce platforms and search engines entirely. For brands and retailers, it means product visibility will increasingly depend on AI algorithms' understanding of relevance rather than search engine optimisation or paid advertising placement, potentially democratising product discovery for smaller merchants while challenging established players who have built their strategies around traditional search and marketplace dynamics.

OneOff

Innovations in the industry include AI-powered fashion search and discovery platforms such as OneOff, a platform which helps users discover items worn by their favourite influencers and celebrities in order for them to shop the look. The platform also offers alternative look alike items that are inspired by the look, in this way catering to varied consumers' budgets as similar products can differ in price. The platform however mainly focuses on high-ticket luxury items and partners with luxury retailers such as Mytheresa and Net-a-Porter for product discovery, in this way leveraging the growth that affiliate marketing is currently experiencing. Future plans include a proactive AI stylist that creates personalised feeds without searching, blending multiple creator styles, in this way furthering the product's use of agentic AI.

ShopMy

ShopMy is another example of product innovation in the industry. ShopMy started as a way to connect social media followers to creators' recommendations but has now launched a feature allowing creators to link anything on the platform and enables shoppers to buy directly from creators' recommendations. The goal is to have all favourited items in one storefront rather than saved in various places. Another feature is what the start-up calls 'circles', which with the assistance of AI builds personalised taste profiles based on the creators that users follow, adding the much anticipated element of personalisation that AI is expected to bring in the retail space over the short to medium term.

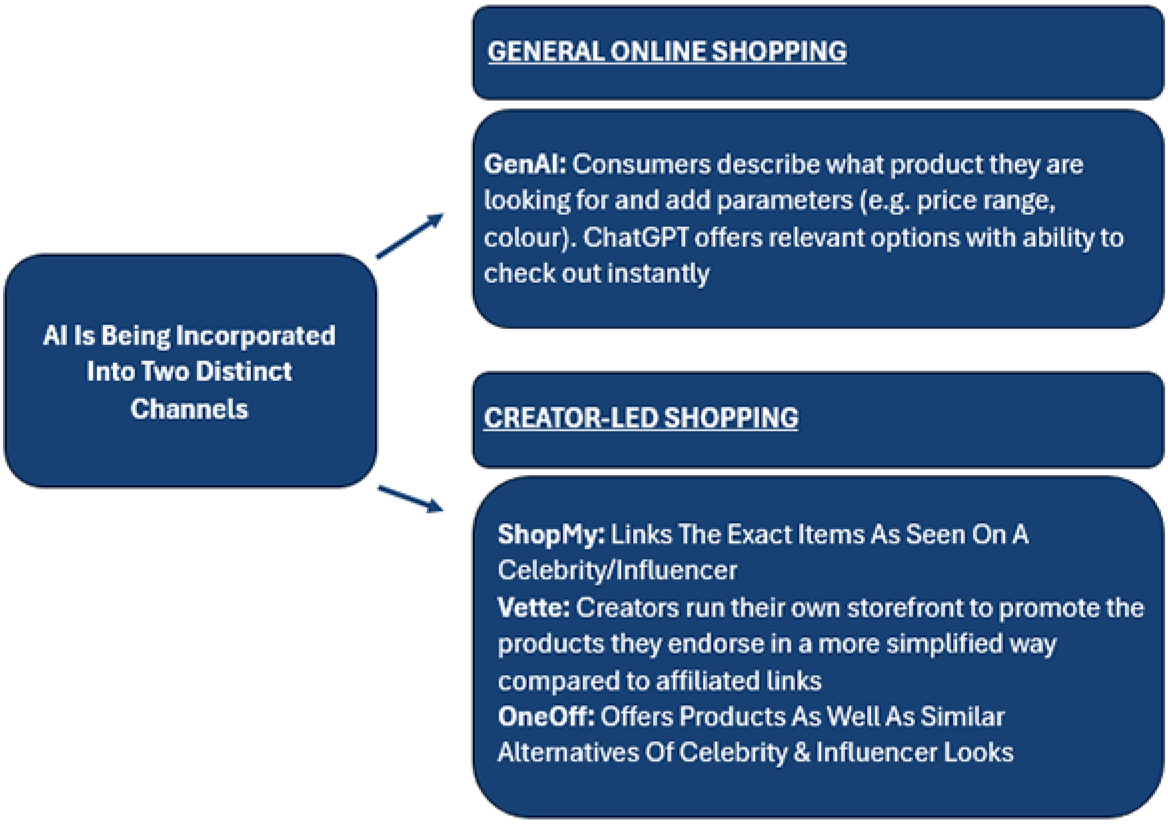
VETTE

Global mass media company Condé Nast is launching a creator-led commerce platform in early 2026, which equips creators with tools to run their own e-commerce storefronts, which aims to be the solution to multiple cumbersome affiliate links. The AI-powered online storefront will be managed by the creators and enable them to maintain ownership of their audience relationships through newsletters and AI tools designed to assist in targeting the right audience.

These platform innovations represent a fundamental restructuring of retail discovery and purchasing. The convergence of AI capabilities with creator-driven commerce is creating new market dynamics that will reshape competitive advantages across the industry.

AI Utilised To Make Product Discovery Online More Efficient

AI Incorporation Into Two Distinct Channels



Source: BMI

Related Research

- Quick View: Alipay's New Payment-Enabled AR Glasses Nod To Agentic Commerce But Practicality Remains Key Adoption Headwind
- Quick View: M&S AI-Powered Wine Buying Assistant Part Of Wider Global Consumer Theme For 2025
- Agentic Commerce: The Next Frontier In AI-Powered Retail

Future Of E-Commerce: Shopping Shifting From Search To Conversation

Key View: *Consumers are shifting from keyword search to AI-driven conversations for product discovery. Brands must treat AI models as channels, supplying structured data, reviews and transparent pricing. GXO will replace SEO. Chat-based checkout collapses funnels, reshaping attribution and loyalty around reliability. Retailers need agent-readable loyalty, new metrics and APIs. Guided autonomy will emerge, re-platforming shopping around AI agents.*

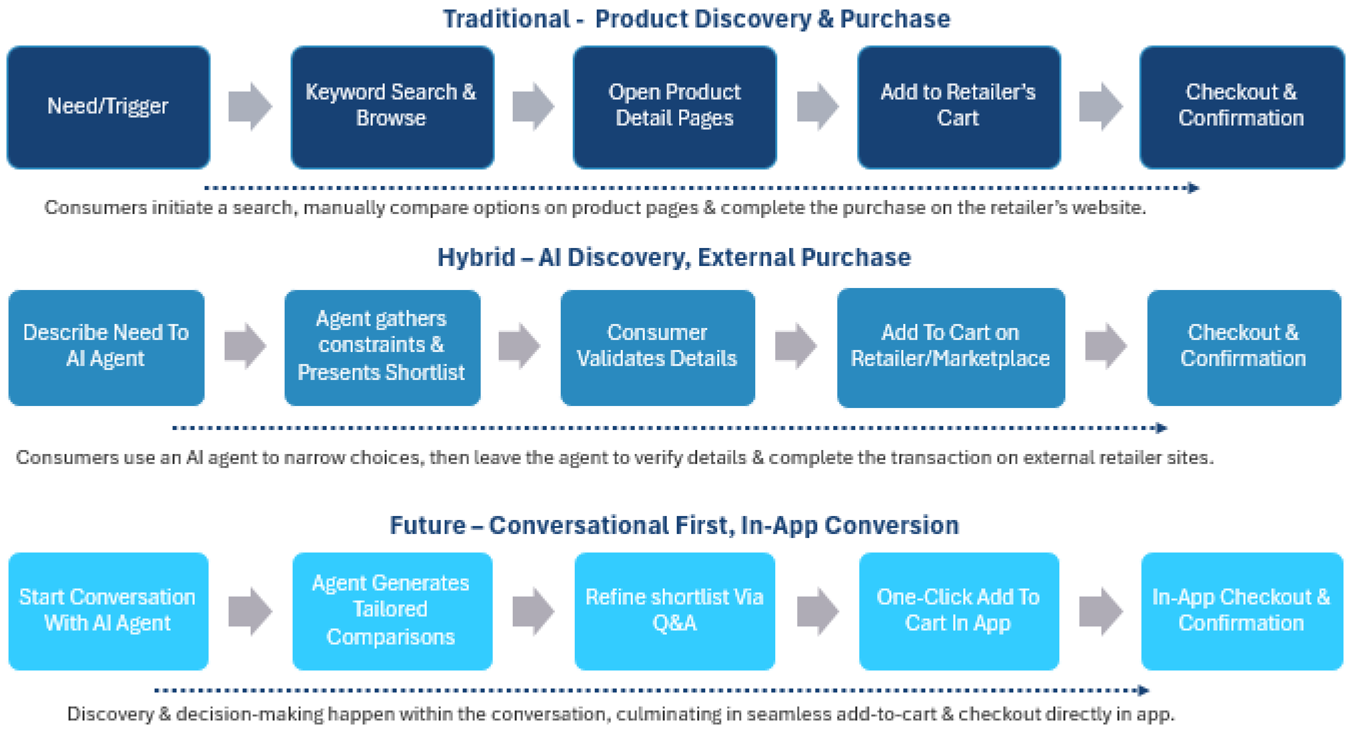
Conversational Commerce Becomes the New Discovery Layer

Consumers are shifting from keyword search in traditional search engines to dialogue, with generative artificial intelligence (AI) as the interface for product discovery and evaluation. Consumers are using AI agents to interpret more nuanced preferences, such as budget, specs, delivery constraints, assembly aversion and return curated, comparative results that compress the decision journey. Product discovery is no longer the search results page, shifting increasingly into the conversation that consumers are having with the agents. Brands must treat AI models as distribution channels, prioritising structured, high-quality product data, rich content and review signals that large language models (LLMs) can ingest and confidently surface.

As AI agents normalise comparison tables and sentiment summaries, information asymmetry shrinks and operational reliability becomes algorithmically salient. The winners will maintain up-to-date, machine-readable catalogues, verified availability, transparent pricing and broad review coverage. Generative experience optimisation (GXO) replaces search engine optimisation (SEO) as the discipline of ensuring product narratives, attributes and social signals are discoverable within LLMs, so that when consumers describe what they want and why, the model inserts the brand into the conversation. Today, conversion rates from agent-led discovery remain relatively low because consumers often research in AI and transact elsewhere, but as the ecosystem matures and strengthens, a growing share of purchases will convert directly within the app.

AI Will Increasingly Take Over Entire Shopping Process

Evolution Of E-Commerce In The AI World



Source: BMI

Transaction Flows Collapse Into The Chat And Rewires Loyalty

Integrations, such as Shopify's partnership with OpenAI, mark a tipping point where users move from discovery to purchase without visiting a retailer's website, now exemplified by ChatGPT's Instant Checkout, which launched with Etsy and is expanding to over 1mn Shopify merchants (including brands such as Glossier and Skims) via Stripe and the Agentic Commerce Protocol. This collapses funnels, shifts conversion ownership to platform partners and AI intermediaries and fragments traditional attribution. In a world where agents prioritise fit and value, legacy brand affinity weakens, but loyalty can be rebuilt around agent-recognised reliability:

- Fulfilment accuracy
- Low-friction returns
- Clear guarantees
- Personalised value

Retailers should design 'agent-readable loyalty', encoding benefits, delivery windows, bundle discounts, service tiers, in structured formats that models can detect and rank. Measurement must evolve alongside the channel. Conversation-native commerce requires new metrics, agent share-of-recommendation, in-chat conversion and abandonment rates and privacy-safe data pipelines that feed LLMs with consented preferences, inventory and policy data. Retailers and brands will increasingly need transparency into recommendation logic, while building first-party data strategies that preserve trust and enable precise personalisation inside the chat.

Agentic Retail Operations And The Path To Autonomy

In-store augmentation illustrates the operational trajectory. Smart carts such as Instacart's Caper Cart connect loyalty IDs, real-time inventory and personalised offers to increase basket size; the same logic applies online through anticipatory prompts ('cold weather next week - show knitwear?'), dynamic bundling (bundles adapted based on past preference) and context-aware delivery scheduling. The near-term opportunity is agentic retail that helps customers spend smarter and faster, while elevating experience levers (availability, timing and service responsiveness) that models can quantify.

Fully autonomous ordering is feasible over the medium term, but hinges on consumer trust and control. The pragmatic design is guided autonomy: agents propose, consumers approve, with optional auto-execute rules for low-risk, repeat categories under budget caps and audit trails. Execution priorities include building data capabilities (complete metadata, schema standards and creator-led content), exposing agent-facing application programming interfaces (APIs) for inventory, delivery slots, returns and loyalty terms, and instituting conversation analytics and governance to detect bias or hallucinations. The net effect should see shopping re-platformed around AI agents, where the winners will operationalise for the conversation by structuring data, integrating transactions and aligning loyalty and trust to an agent-first reality.

Asia Pacific

Developed Asia E-Commerce Outlook

E-commerce across Developed Asia is experiencing strong growth, with South Korea leading the regional market, followed by Japan and Australia. Digital infrastructure across the region is developed and advanced, with high internet penetration rates and a tech-savvy consumer base. These markets benefit from widespread access to high-speed broadband and mobile connectivity, enabling seamless online shopping experiences. Consumers in these economies also display strong preferences for digital payments, rapid delivery and innovative retail technologies, driving robust growth in online sales. The region's mature logistics networks and efficient supply chains support reliable fulfilment, while a high level of disposable income fuels demand for a wide range of products and services.

E-Commerce Spending Outlook

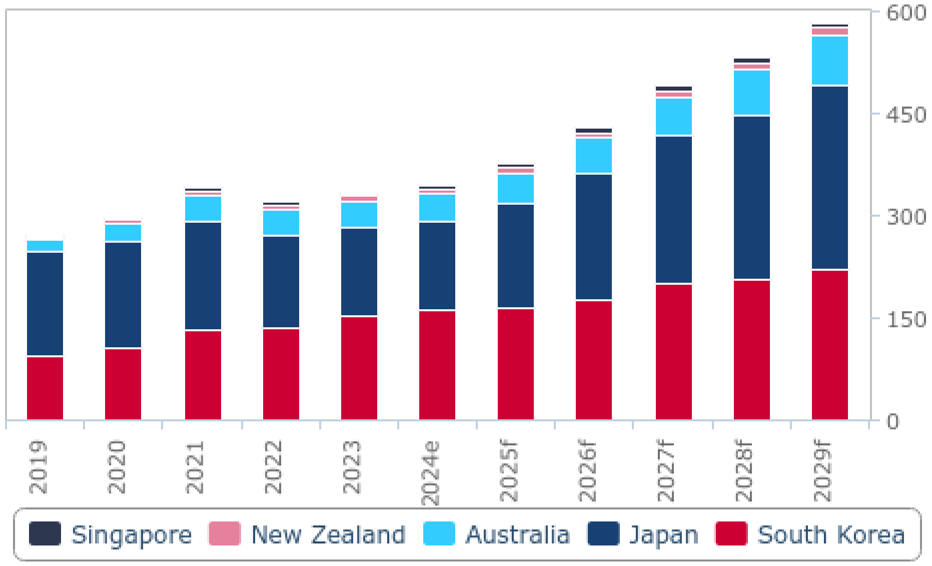
Total Spend

Households across the Developed Asia region will spend a total of USD375.7bn on consumer goods through the e-commerce channel over 2025, growing a strong 9.2% y-o-y. While US dollar weakness will support this nominal growth, the sector remains on a strong growth trajectory, as consumers continue to shift more of their spending online on top of expanding spending on segments that are already optimised for e-commerce. Spending growth via these channels will remain strong over the medium term, as consumer spending via e-commerce channels across the region will grow by an average of 11.2% a year to reach USD582.9bn over 2029.

By total spend, South Korea is currently the largest market in Developed Asia, with consumer spending via e-commerce channels totalling USD163.7bn over 2025. The market will see steady growth over the next five years, at an average of 10.4% a year, reaching USD220.8bn in spending by 2029. By 2029, Japan will overtake South Korea as the largest e-commerce market in Developed Asia, at USD270.1bn. Australia will come in at third place at USD72.5bn in spending over 2029. Outside of these three markets, e-commerce spending levels are strong but limited by the size of the markets. For example, Singapore and New Zealand will have a combined e-commerce spending of USD19.5bn by 2029.

Japan And South Korea Dominate The Region

Developed Asia - Household Goods Spending Via E-Commerce, USDbn (2019-2029)

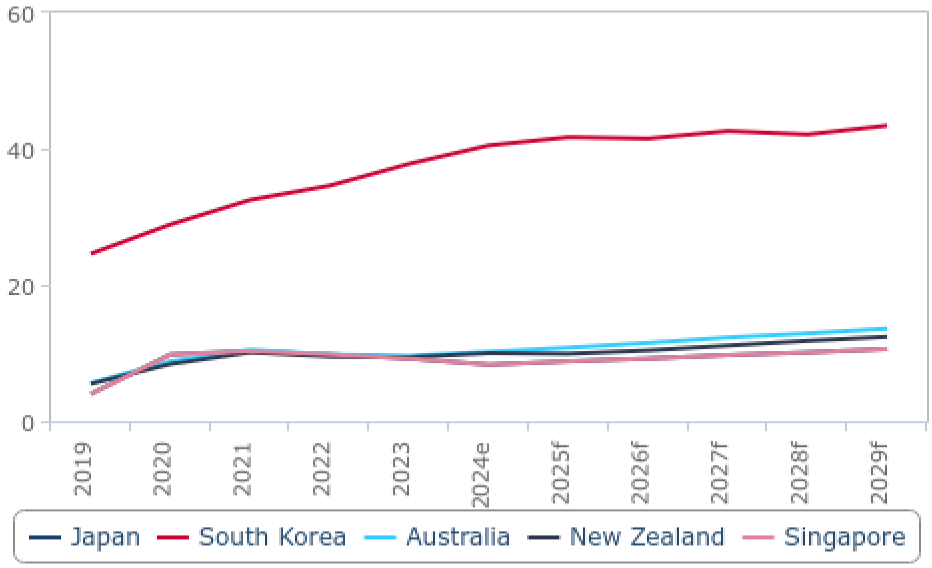


e/f = BMI estimate/forecast. Source: Local statistics, BMI

Proportional Spend

Breaking down these total figures, South Korea is a clear outlier, with 41.7% of total consumer goods spending going through e-commerce channels in 2025. E-commerce is highly developed in South Korea due to its advanced digital infrastructure, widespread smartphone use and a tech-savvy population that values convenience. By contrast, the rest of Developed Asia have between 8% and 11% of consumer goods spending across Developed Asia going through e-commerce channels in 2025. South Korea has the highest e-commerce penetration rate, at 41.7% of total consumer goods spending in 2025, having grown from 24.6% in 2019. By 2029, we forecast this rate to reach 43.4% of consumer goods spending. Australia comes in second, with 10.8% of spending going via e-commerce channels in 2025. This is set to grow to 13.6% by 2029.

South Korea An Outlier, But Regional Growth In Proportional Spending Remains Steady
Developed Asia - E-Commerce Spending, % of total consumer goods spending (2019-2029)

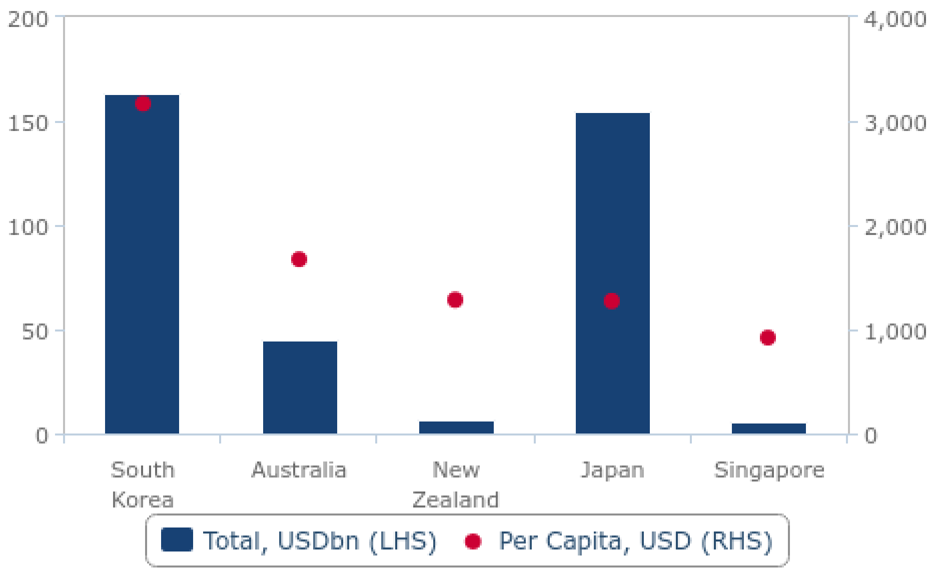


e/f = BMI estimate/forecast. Source: Local statistics, BMI

Per Capita Spend

While Japan is the second largest e-commerce consumer market in the region, per capita spending is relatively low, at just USD1,272 in 2025. Conversely, per capita spending in Australia, at USD1671, highlights the consumer appetite for e-commerce in the market, despite the overall spending of the Australian market being three times smaller than that of Japan. This disparity reflects the significant differences in discretionary income levels across Developed Asia, offering varied opportunities for e-commerce investors and retailers looking to tap into the market.

South Korea Leads In Per Capita Spending
Developed Asia - E-Commerce Spending, USD (2025)



Note: BMI forecast. Source: Local sources, BMI

Region's Demographics Will Shape E-Commerce's Evolution

Considering the recent uptake in e-commerce globally, different generations exhibit distinct preferences. Gen Alpha (those aged 0-15 years old in 2025) are digital natives drawn to immersive experiences and artificial intelligence (AI)-driven shopping. Gen Z (aged 16-28 years old) prioritise mobile commerce, authenticity and personalised interactions. Millennials (29-44 years old) research thoroughly, embrace omnichannel approaches, and willingly pay for convenience and values alignment. Gen X (45-65 years old) value practicality, reliability and detailed information while maintaining platform loyalty. Baby Boomers (65 and older) are increasingly comfortable online and prefer simplified desktop interfaces with clear security measures and return policies from established brands.

Generational E-Commerce Usage Patterns

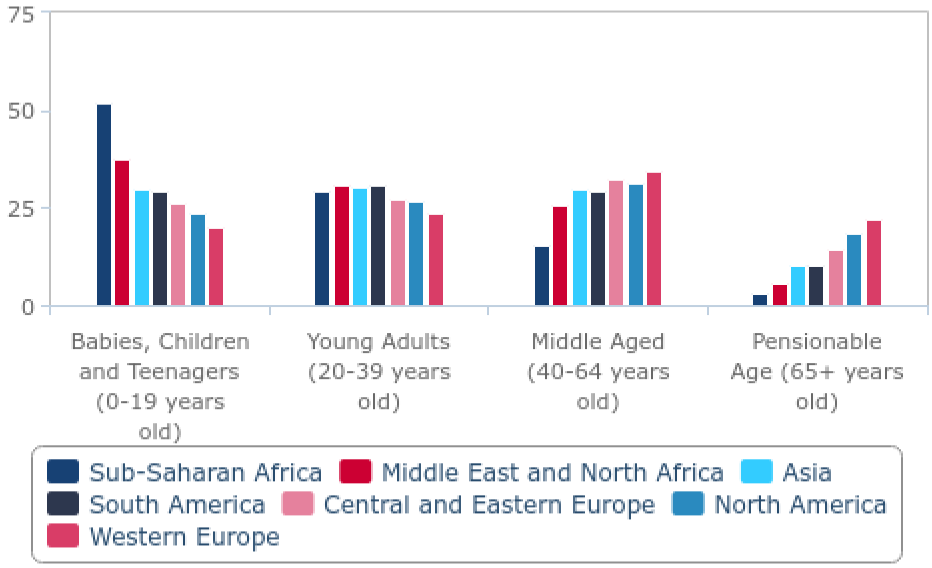
	E-Commerce Usage Characteristics
Gen Alpha **0-15 years**	• Native digital shoppers who expect highly interactive and immersive shopping experiences • Heavily influenced by social media content and virtual experiences for purchasing decisions • Comfortable with voice shopping, AI recommendations, and emerging technologies
Gen Z **16-28 years**	• Mobile-first shoppers who prefer shopping apps and social commerce platforms • Value authenticity, sustainability, and ethical practices when choosing brands • Expect personalized experiences and engage with brands through multiple digital touchpoints
Gen Y (Millennials) **29-44 years**	• Conduct extensive research online before making purchases, reading reviews and comparisons • Embrace omnichannel shopping experiences that blend online and offline touchpoints • Willing to pay premium prices for convenience, quality, and brands that align with their values
Gen X **45–65 years**	• Practical online shoppers who value efficiency, reliability, and good deals • More likely to be loyal to established e-commerce platforms with proven reliability • Appreciate detailed product information and customer service accessibility
Baby Boomers and The Silent Generation **65+ years**	• Increasingly comfortable with e-commerce but may prefer simplified interfaces • More likely to shop from desktop computers than mobile devices • Value security, established brands, and clear return policies when shopping online

Source: BMI

In 2025, 30.1% of the population across Asia are young adults (between the ages of 20 and 39 years old), while 40.3% of the population will be older than 40 years old in 2025. For e-commerce players in Developed Asia, this is both a considerable longer-term opportunity and a present drag. Australia and New Zealand will have a relatively younger demographic profile, with the median age of the population under 40 due to the strong immigrant cultures of the two markets. This indicates a market that may be more inclined toward mobile-first platforms with immersive experiences and AI-driven personalisation. By contrast, markets such as Japan and South Korea will have a larger proportion of Boomers and older generations. This suggests a continued demand for simplified interfaces with robust security features to accommodate the gradual digital adoption of older demographics, who have the higher spending power.

A Varied Age Demographic Across Asia

Global – Regional Demographic Breakdown, % of population (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. BMI forecast. Source: Local sources, BMI

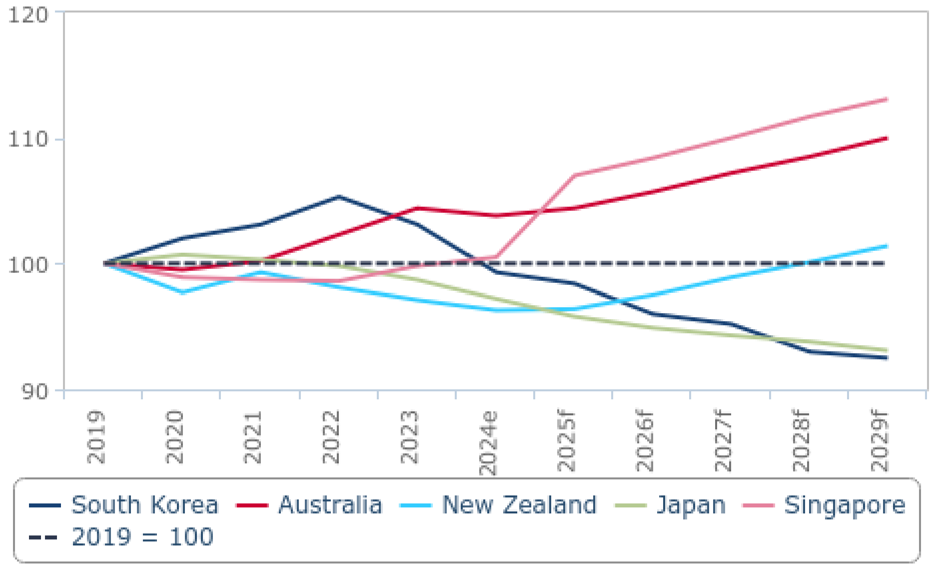
Sluggish Real Income Growth Will Drive Demand For Discounters

Developed Asia's e-commerce sector is mature, dominated by domestic players such as Rakuten, Coupang, Naver Shopping and Shopee. However, international entrants, especially Mainland China-based platforms such as Temu, AliExpress and Shein, are rapidly gaining market share. This growth is fuelled by weak real income growth and even contractions across the region. Singapore and Australia will see steady growth in real incomes. Real purchasing power in 2025 is around 7% and 4% higher than before the Covid-19 pandemic (2019), with a continuously improving trajectory out to 2029. New Zealand's growth will be more subdued. Real purchasing power in 2025 is still lower than of 2019 levels, and New Zealand consumers will only be marginally better (around 1%) than they were in terms of purchasing power in 2029 compared with 10 years ago (2019). For the average Japanese and South Korean consumer, they will see their real purchasing power fall continuously throughout the medium term. By 2029, consumers in both these markets will have purchasing power almost 10% lesser than they did in 2019 due to elevated inflation and sluggish income growth.

These weak showings in real income growth across the region has increased consumer demand for low-cost and ultra-low-cost alternatives, making Mainland China-based platforms particularly appealing due to their price competitiveness. Recent investments and strategic partnerships by companies such as Alibaba and Shein highlight intensifying competition and the attractiveness of Developed Asia's affluent, well-connected markets. However, as inflation eases and economic conditions improve, product quality is expected to regain importance in purchasing decisions. Concerns over product quality, especially for children's goods, have already prompted regulatory responses such as voluntary safety agreements between platforms and authorities in markets such as South Korea.

Limited Real Purchasing Power Growth For Most Developed Asian Markets

Selected Markets – Real Consumer Purchasing Power Index, 2019 = 100 (2019-2029)



e/f = BMI estimate/forecast. Source: Local statistics, BMI

Social Commerce Will Continue To Drive Sector Growth

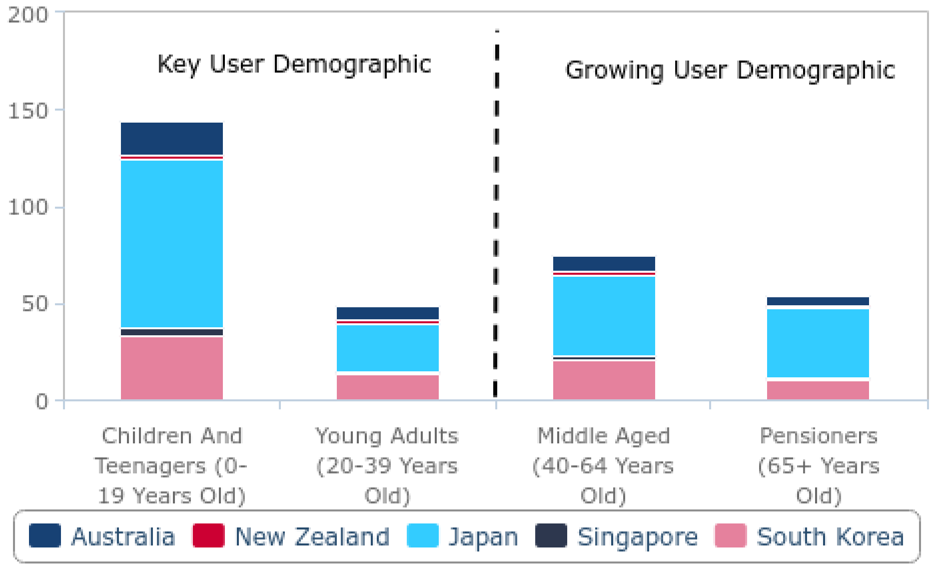
Social commerce - the merging of e-commerce with social media - allows consumers to make purchases directly through social media platforms such as Instagram, Tiktok and X (formally Twitter). Across Developed Asia, dominant social media platforms have achieved comparatively more success in the social commerce sector than traditional e-commerce players. For example, Naver Shopping Live (Naver is primarily a search engine and owns popular messaging platform Line) is a more popular social commerce platform than Coupang, the largest e-commerce company in South Korea, while TikTok, Instagram and Facebook dominate social commerce in Singapore, Australia and New Zealand.

The reason for their success is due to social media platforms such as TikTok being primarily used for entertainment. The platform only began to formalise its participation in e-commerce after the social commerce trend gained ground with TikTok Shop launching in September 2023, eight years after the platform first launched in 2016. Users who are not yet shopping via TikTok Shop are still using the platform as an entertainment product, which creates a larger captive audience to whom TikTok can gradually advertise TikTok Shop. By comparison, traditional e-commerce platforms are primarily a shopping channel. Users who open these apps on their phones already understand that they would most likely be viewing products, which also means that during periods when consumers are not looking to purchase anything, they are unlikely to open the app. This significantly reduces these platforms' ability to induce impulsive spending.

While most users are predominantly from younger demographics (ie, Gen Alpha, Gen Z and Millennials), there is a growing number of users from older demographics that are getting onto these platforms. This is especially relevant for Developed Asian markets where many are already feeling the effects of an ageing population. Some e-commerce companies such as Alibaba have reacted to this by creating elder-friendly versions of their e-commerce platforms (eg, Alibaba's Taobao). Other brands have leveraged existing smartphone capabilities, such as adjustable font size as well as the zoom and magnify functions on Apple products to make the user experience easier for consumers in the higher age brackets.

Growing Addressable Markets On Instagram And TikTok

Selected Markets - Population By Generation (2025)



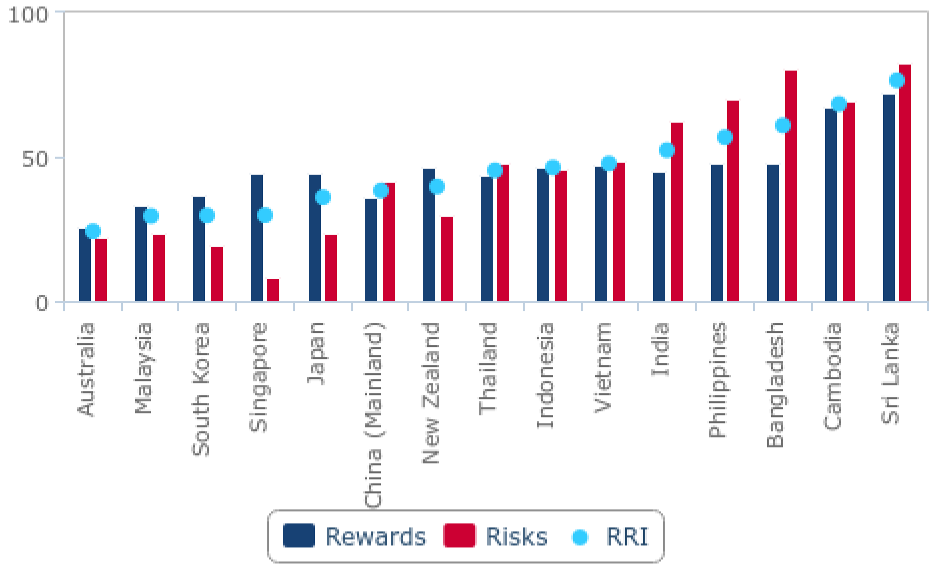
Note: BMI forecast. Source: Local sources, BMI

Developed Asia E-Commerce Maturity Risk/Reward Index

Asia's e-commerce landscape presents a relatively mixed outlook for 2025. In Developed Asian markets, e-commerce is mature, with high internet penetration, advanced logistics networks and the widespread adoption of digital payments fostering a seamless online shopping experience. Conversely, Emerging Asian markets are experiencing rapid growth, driven by increasing smartphone use and expanding internet access. However, challenges remain in the sub-region regarding infrastructure, payment options and trust in online transactions. This divergence highlights both the opportunities and complexities of the broader region's digital retail sector.

Several Attractive E-Commerce Markets Across Asia

Selected Asian Markets - E-Commerce Attractiveness Index Score (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Index

Main Regional Features And Latest Updates

- The Asia region is our second highest scoring region in our 2025 E-Commerce Maturity Risk/Reward Index (RRI), with an average score of 45.4 out of 100, behind the first-ranked North American and Western European (NAWE) region, at 32.2 out of 100. However, within the Asia region, Developed Asia, with an average score of 31.8 out of 100, outscores Western Europe, at 32.9 out of 100.
- Australia tops Asia's 2025 E-commerce Maturity RRI, with a score of 24.0. Australia's strong showing comes from robust online spending that is supported by high consumer spending and advanced connectivity.
- South Korea ranks second in Developed Asia, with a score of 29.7 in the 2025 E-commerce Maturity RRI. This score is bolstered by the market having the lowest Country Risks score in Asia due to its stable political environment and reliable infrastructure for supply chain efficiency.
- Japan ranks fifth in Asia and 20th globally, with a score of 36.0 on the 2025 E-commerce Maturity RRI. The market is set for growth, with a robust digital consumer base and infrastructure, despite regulatory challenges.

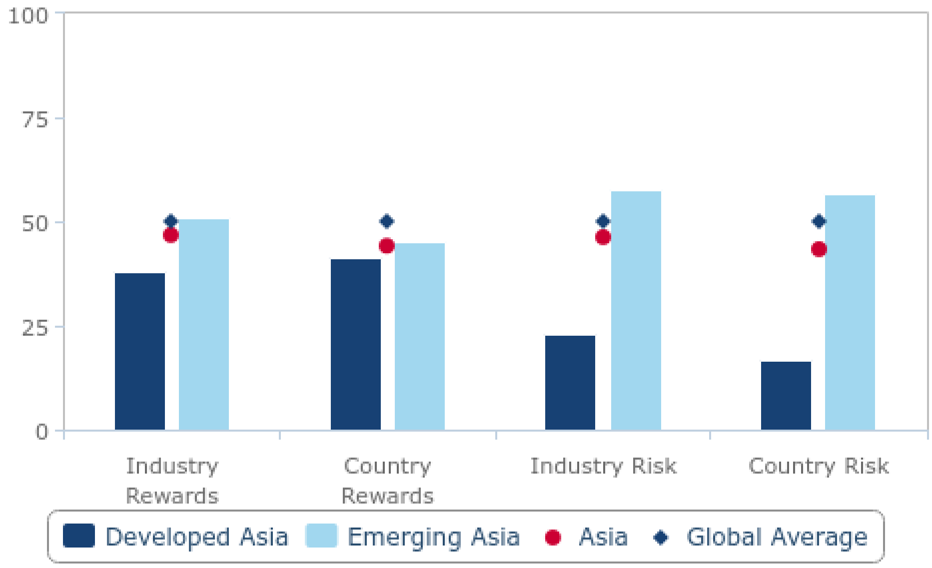
E-Commerce Maturity Risk/Reward Index

Asia is the second strongest scoring region in our 2025 E-commerce Maturity RRI, with markets in the region scoring an average of 45.4 out of 100. The region also boasts the second strongest global average score in our Rewards pillar (45.6 out of 100), which is just behind the 38.1 out of 100 scored by NAWE. This score is driven by large, young, urban populations as well as high rates of digital connectivity. However, the region lags somewhat in our Industry Risk profile, where it scores an average of 46.2 out of 100, placing it third out of our six regions, behind NAWE (23.7 out of 100) and the Middle East and North Africa (45.4 out of 100).

Within the Asia region, there is a significant scoring difference between developed and emerging markets. Developed Asia scores well in our RRI, with an average score of 31.8 out of 100, benefitting from more established consumer markets and low Risks scores. By comparison, Emerging Asia scores an average of 52.2 out of 100, weighed down by higher Risks scores. However, several markets within the sub-region still score particularly well overall, which highlights the attractiveness of their e-commerce markets going forward.

Developed Asia Offers A Very Low-Risk E-Commerce Environment

Asia - E-Commerce Maturity Risk/Reward Index (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Risk/Reward Index

Rewards Profile (39.4 out of 100; low to moderate risk)

Developed Asia holds our third most attractive Industry Rewards score, at an average of 39.4 out of 100. On a Per Capita basis, consumer spending is relatively high, scoring 28.4 out of 100 for this indicator. Large populations in both Japan and South Korea mean that the sub-region scores well in our total consumer spending indicator, at 35.7 out of 100. Developed Asia stands out globally in our digital payments indicator, scoring 20.5 out of 100, which is just behind the first-placed Western European score of 15.0 out of 100.

Risks Profile (20.5 out of 100; low risk)

Developed Asia offers the best Risk profile globally, supported by significantly low Country Risks scores (an average of 16.9 out of 100). The political environments in the sub-region (8.2 out of 100 for our Political Risk score, the strongest score globally) are some of the most stable globally, while low Logistics (13.3 out of 100) and Operational (12.6 out of 100) Risk scores make doing business in the region easy and attractive.

Asia - E-Commerce Risk/Reward Index (2025)

	Industry Rewards	Country Rewards	Rewards	Industry Risks	Country Risks	Risks	RRI
Developed Asia	38.0	41.5	39.4	23.0	16.9	20.5	31.8
Emerging Asia	51.1	45.4	48.8	57.9	56.5	57.3	52.2
Asia	46.7	44.1	45.6	46.2	43.3	45.1	45.4
Global Average	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Asia Rank (out of 6)	2	2	2	3	2	2	2

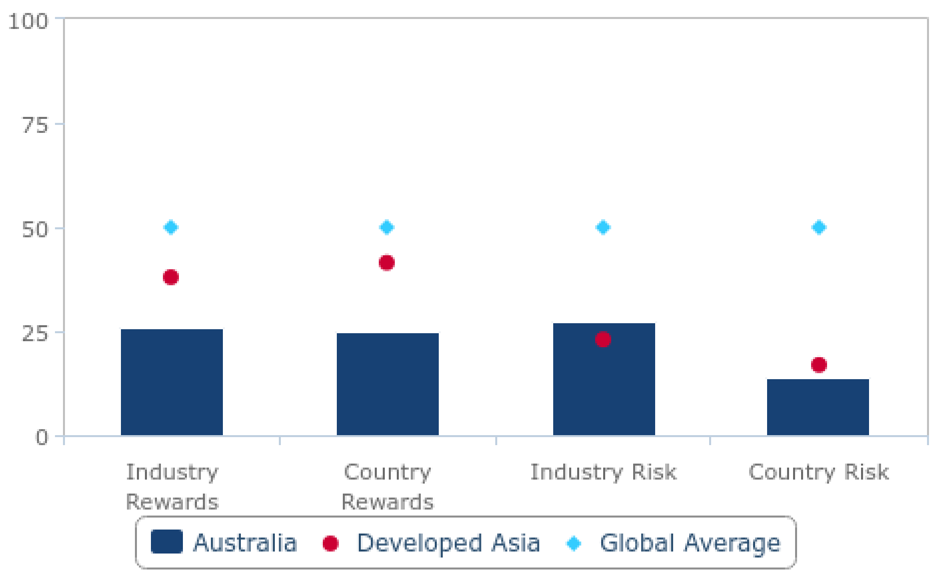
Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

Australia Leads The Region With Strong Rewards Scores

Australia is Asia's top scoring e-commerce market in our 2025 E-commerce Maturity RRI, scoring 24.2 out of 100 and ranking second out of the 75 markets that we cover in our index. As a large economy, Australia scores well on its Rewards profile, with a score of 25.5 out of 100 versus the regional average of 39.4 out of 100. The market boasts one of the highest per capita consumer spending score (6.8 out of 100), combined with a highly digitalised consumer market, where the majority of consumers have made or received digital payments (8.1 out of 100 against the regional average of 20.5 out of 100). Australian households are also considerably wealthy, with a Mass Affluent Class score of 3.8 out of 100, which is the highest across all Asian markets covered in our index. Combined with good internet connectivity rates (Australia scores 20.9 out of 100 for Internet Connectivity), the e-commerce market in the market will be set for sustained growth.

Australia Remains An Attractive Market Despite Underperforming Industry Risk Profile

Australia - E-Commerce Maturity Risk/Reward Index (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

Australia underperforms in our Industry Risks pillar, with a score of 27.6 out of 100, compared with the regional average of 23.0 out of 100. Operating in Australia presents a moderate logistical and regulatory challenges for e-commerce majors. Australia has well-developed infrastructure, including extensive road networks and world-class ports, facilitating efficient transportation. Australia also has a skilled workforce trained in modern supply chain practices and modern warehousing solutions as well management systems which enhances efficiency and accuracy in the supply chain. Nonetheless, Australia’s large geographical size means that transporting goods across the market can be time-consuming and costly. This is particularly challenging for remote and rural areas. Due to Australia's unique biodiversity, there are strict laws and complex regulatory requirements such as stringent customs procedures and environmental regulations that companies must adapt to. These requirements tend to be clearly listed and enforced impartially. While the vast geography of Australia presents unique logistical challenges, e-commerce businesses have been innovative in their approach, implementing efficient distribution networks to ensure timely deliveries. Australia's government holds a supportive stance on digital economy initiatives, which has provided a fertile ground for the e-commerce sector to expand, making it an essential component of the market's retail landscape.

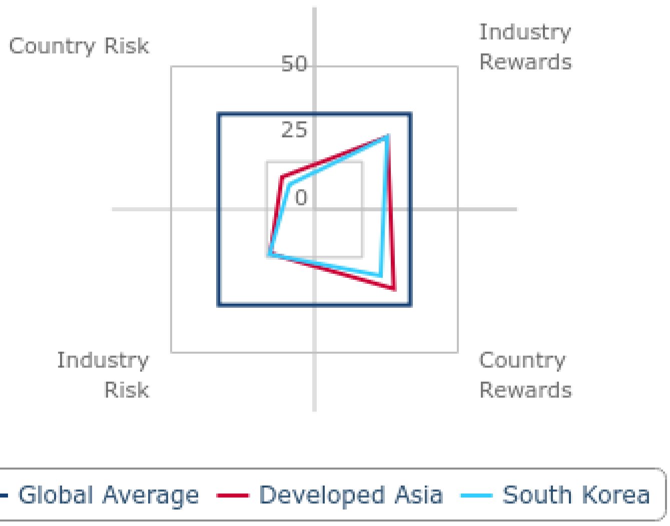
Robust Growth Trajectory For South Korea's E-Commerce Segment

In our 2025 update to the E-Commerce Maturity RRI, South Korea scores 29.7 out of 100, ranking second out of the five Developed Asia markets (after Australia). It ranks third regionally in Asia and 11th out of the 75 global markets that we cover. The e-commerce sector in South Korea is among the world's most advanced, with a high penetration rate facilitated by the market's high-speed internet infrastructure and a tech-savvy populace. South Korean consumers are well-accustomed to the conveniences of online shopping, with platforms such as Gmarket and Coupang leading in a highly competitive digital marketplace.

While the market has a relatively attractive Rewards Profile, at 36.6 out of 100, it is its Risks profile, at 19.2 out of 100 that stands out. Specifically, South Korea's Country Risks score of 13.0 out of 100 is the first among all of Asia's markets, and it outperforms both the Asia and global averages of 43.3 and 50.0 out of 100 respectively. South Korea scores particularly well in our Political Risk (7.7 out of 100 compared with the overall Asia average of 45.8 out of 100) and Logistics Risks (5.1 out of 100 compared with the Asia average of 38.7 out of 100) pillars. These favourable scores indicate a conducive environment for e-commerce companies, with a healthy economic outlook and reliable infrastructure for supply chain efficiency. The efficiency of delivery services, which often guarantee same-day or next-day delivery, along with the widespread adoption of mobile payment solutions, exemplifies the sector's dynamism. The market's stable political environment and strong legal framework also present a low-risk profile for e-commerce ventures. Government initiatives to support digital growth and a strong culture of innovation have further established South Korea's position as a global e-commerce powerhouse.

South Korea Is A More Attractive Market Than The Regional And Global Average

South Korea - E-Commerce Maturity Risk/Reward Index (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

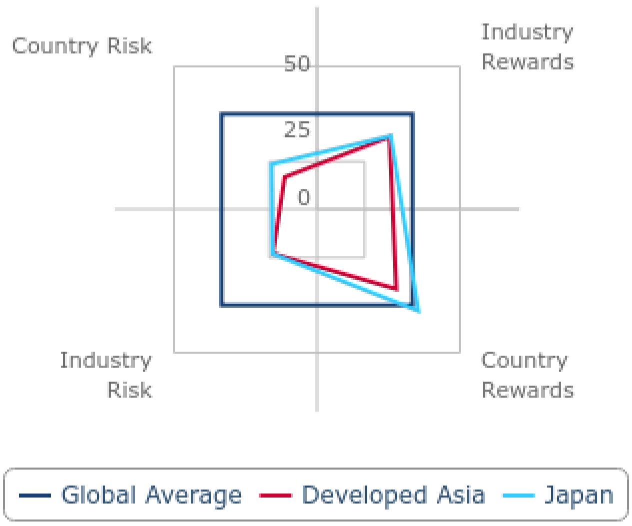
As Developed Asia's Largest Consumer Market, Japan Still Presents Room For Significant Growth

Japan scores a strong 36.0 out of 100 for our 2025 E-Commerce Maturity RRI, ranking fifth out of the 17 markets in our Asia region and 20th out of 75 markets globally. Japan boasts the largest population in Developed Asia, at around 122mn people in 2025, and has a relatively high total consumer spending level (USD2.3trn in consumer goods spending in 2025), making it the fourth largest consumer market globally. The e-commerce sector in Japan exhibits a robust and sophisticated market, characterised by advanced technology, a large consumer base and infrastructure that supports online transactions. The market includes strong local players, such as Rakuten and Zozo, as well as global leaders such as Amazon. Japanese consumers have a strong demand for the convenience and variety offered by online shopping.

Japan's government is committed to enhancing the digital economy, which has provided a conducive environment in which e-commerce can grow, making it an integral part of the market and reflecting Japan's rapid adaptation to consumer needs and technological advancements. Japan is traditionally slow at adopting new technologies and thus does not score well in digital payments relative to other Developed Asian markets (25.7 out of 100 versus 20.5 out of 100 respectively). Nonetheless, existing structural elements, such as good internet connectivity rates (all phone users already have access to 4G or 5G connectivity in 2025), offers potential to drive more consumer spending online over the next few years.

Japan Is Less Attractive Than Regional Peers But Outperforms Global Average

Japan - E-Commerce Maturity Risk/Reward Index (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

When compared with other markets' averages in the Developed Asia and broader Asia region, Japan presents a relatively challenging Regulatory Environment (56.4 out of 100) as well as a less open Investment Climate (28.2 out of 100). However, it showcases a more Formalised Retail sector (6.4 out of 100) than the Asia average (56.6 out of 100) and has a significantly lower Logistics Risk score (1.3 out of 100), which reflects a robust logistics framework that surpasses regional and global benchmarks. Overall, while Industry Risks in Japan (23.1 out of 100) slightly underperforms Developed Asia's average (23.0 out of 100), they are still lower than the average across Asia as a whole (46.2 out of 100). Overall, these metrics suggest that while Japan may pose certain challenges from a regulatory and investment perspective, its strong logistics and formal retail sectors offer a stable and efficient environment for e-commerce operations.

The table below displays our E-Commerce Maturity RRI for the Asia region.

Asia - E-Commerce Maturity Risk/Reward Index (2025)

Market	Sub-Region	Industry Rewards	Country Rewards	Rewards	Industry Risks	Country Risks	Risks	RRI	Regional Rank	Global Rank
Australia	Developed Asia	25.8	25.1	25.5	27.6	14.1	22.2	24.2	1	2
Malaysia	Emerging Asia	39.4	24.3	33.3	17.6	32.9	23.7	29.5	2	8
South Korea	Developed Asia	38.0	34.6	36.6	23.4	13.0	19.2	29.7	3	11
Singapore	Developed Asia	47.7	39.1	44.3	2.7	16.0	8.0	29.8	4	12
Japan	Developed Asia	38.6	53.0	44.4	23.1	23.7	23.3	36.0	5	20
China (Mainland)	Emerging Asia	35.1	37.5	36.1	45.5	36.1	41.7	38.3	6	24
New Zealand	Developed Asia	40.0	55.4	46.2	38.1	17.6	29.9	39.7	7	26
Thailand	Emerging Asia	44.6	42.2	43.6	47.1	49	47.9	45.3	8	32
Indonesia	Emerging Asia	50.2	41.1	46.6	45.7	46.3	45.9	46.3	9	33
Vietnam	Emerging Asia	50.3	41.8	46.9	47.4	50.8	48.8	47.7	10	34
India	Emerging Asia	47.6	42.2	45.4	65.4	58.3	62.6	52.3	11	46
Philippines	Emerging Asia	48.2	48.0	48.1	77.6	58.3	69.9	56.8	12	53
Bangladesh	Emerging Asia	51.7	42.3	47.9	87.2	70.0	80.3	60.9	13	58
Cambodia	Emerging Asia	70.2	63.5	67.5	60.9	82.2	69.4	68.3	14	66
Sri Lanka	Emerging Asia	73.4	70.6	72.3	84.3	80.8	82.9	76.5	15	74
	Developed Asia Average	38	41.5	39.4	23.0	16.9	20.5	31.8	na	na
	Emerging Asia Average	51.1	45.4	48.8	57.9	56.5	57.3	52.2	na	na
	Asia Average	46.7	44.1	45.6	46.2	43.3	45.1	45.4	na	na
	Global Average	50.0	50.0	50.0	50.0	50.0	50.0	50.0	na	na

Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

Emerging Asia E-Commerce Outlook

E-commerce across Emerging Asia is experiencing strong growth, with Mainland China leading the regional market, followed by India and Indonesia. The region's young and rapidly urbanising demographic profile shapes the consumer preferences of the market, where the youth-dominated consumer demands mobile-first shopping experiences with immersive features and personalisation. Improved 4G and 5G adoption will further enhance online shopping experiences, and digital payment options are evolving beyond cash-on-delivery (CoD) towards digital wallets and buy-now-pay-later (BNPL) services. The e-commerce landscape is also increasing its transaction security and promoting financial inclusion. However, logistics remains a weight on growth, with varying levels of infrastructure development across the region and some urban and rural centres still presenting challenges for final-mile delivery services.

E-Commerce Spending Outlook

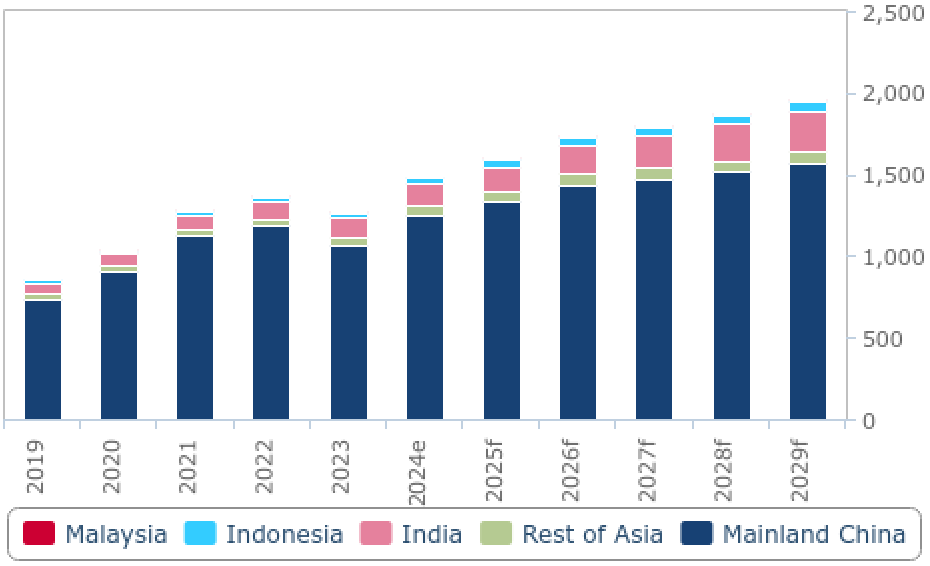
Total Spend

Households across the Emerging Asia region will spend a total of USD1.6trn on consumer goods through the e-commerce channel over 2025, growing a strong 7.5% y-o-y. Through to 2029, growth will average a steady 5.7% y-o-y, with spending rising to USD2.0trn, underscoring the region's digital transformation and increasing consumer engagement with online platforms. Growth will continue to benefit from an expanding middle class and improving digitalisation in the wider consumer and retail space.

By total spend, Mainland China is overwhelmingly the largest market in Emerging Asia. With consumer spending via e-commerce channels totalling USD1.3trn over 2025, China accounts for around 81% of total e-commerce spending across Emerging Asia and is almost nine times larger than India, the second largest e-commerce market in the region, with USD153bn sector spending in 2025. China will remain the largest e-commerce market in the region over the medium term (2025-2029), with spending growing an average of 4.6% y-o-y to USD1.6trn by 2029. Outside China, India and Indonesia will see strong spending growth over the next five years, with both markets seeing between 9% and 15% annual growth rates to reach USD249bn and USD63bn in spending respectively by 2029.

Mainland China Dominates The Region

Asia - Household Goods Spending Via E-Commerce, USDbn (2019-2029)



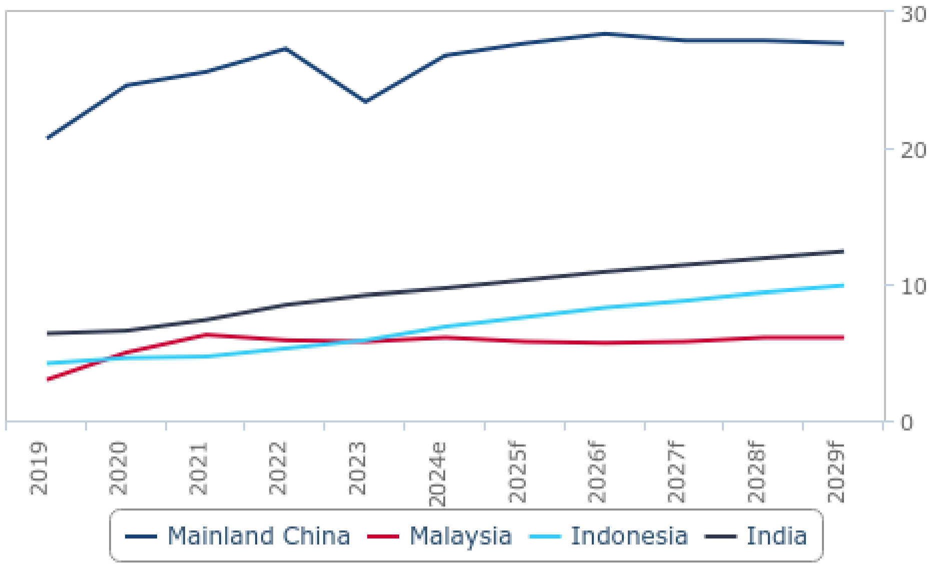
Note: May include territories, special administrative regions, provinces and autonomous regions. e/f = BMI estimate/forecast. Source: Local statistics, BMI

Proportional Spend

Breaking down the total figures, China is the regional outperformer in terms of e-commerce adoption, with 27.7% of total consumer goods spending going through e-commerce channels in 2025. The rest of Emerging Asia has between 5% and 11% of consumer goods spending across going through e-commerce channels in 2025. India comes in second, with 10.3% of spending going via e-commerce channels in 2025. This will grow to 12.4% by 2029. As digital adoption continues to advance across Emerging Asia, these figures highlight the region's ongoing transition towards online shopping, driven by both technological advancements and increasing consumer familiarity with e-commerce platforms.

Mainland China Leads The Region In E-Commerce Adoption

Emerging Asia - Household Goods Spending Via E-Commerce, USDbn (2019-2029)



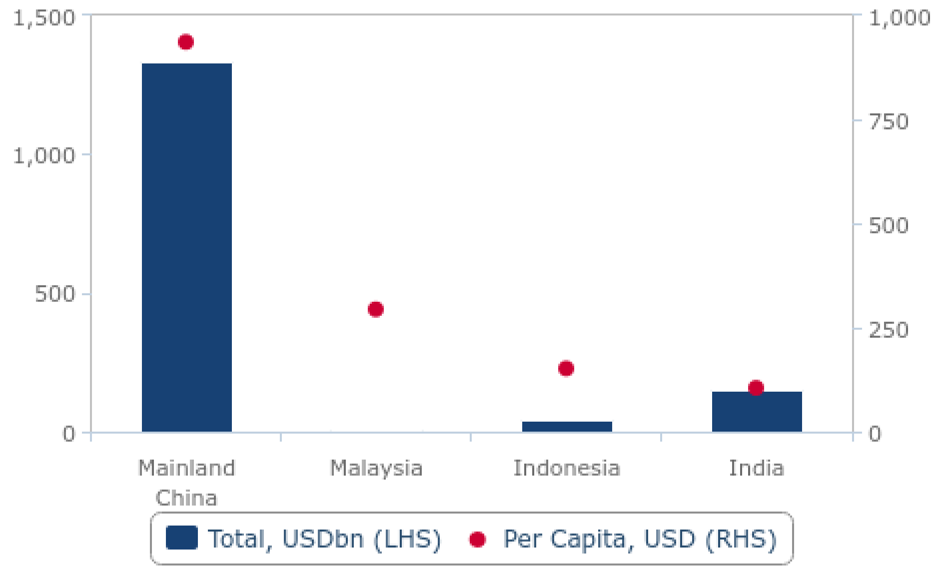
e/f = BMI estimate/forecast. Source: Local statistics, BMI

Per Capita Spend

While India is the second largest e-commerce consumer market in the region, per capita spending is relatively, low at just USD105.2 in 2025. Conversely, per capita spending in Malaysia, at USD294.4, is the second highest across Emerging Asia. This highlights the consumer appetite for e-commerce in the market, despite the overall spending of the Malaysian market being almost 15 times smaller than that of India. This disparity reflects the significant differences in discretionary income levels across Emerging Asia, offering varied opportunities for e-commerce investors and retailers looking to tap into the market.

Malaysia Has The Second Highest Per Capita E-Commerce Spending In The Region

Emerging Asia - E-Commerce Spending, USD (2025)



Note: BMI forecast. Source: Local sources, BMI

Region's Demographics Will Shape E-Commerce's Evolution

Considering the recent uptake in e-commerce globally, different generations exhibit distinct preferences. Gen Alpha (those aged 0-15 years old in 2025) are digital natives drawn to immersive experiences and artificial intelliegence-driven shopping. Gen Z (aged 16-28 years old) prioritise mobile commerce, authenticity and personalised interactions. Millennials (29-44 years old) research thoroughly, embrace omnichannel approaches, and willingly pay for convenience and values alignment. Gen X (45-65 years old) value practicality, reliability and detailed information while maintaining platform loyalty. Baby Boomers (65 and older) are increasingly comfortable online and prefer simplified desktop interfaces with clear security measures and return policies from established brands.

Generational E-Commerce Usage Patterns

E-Commerce Usage Characteristics

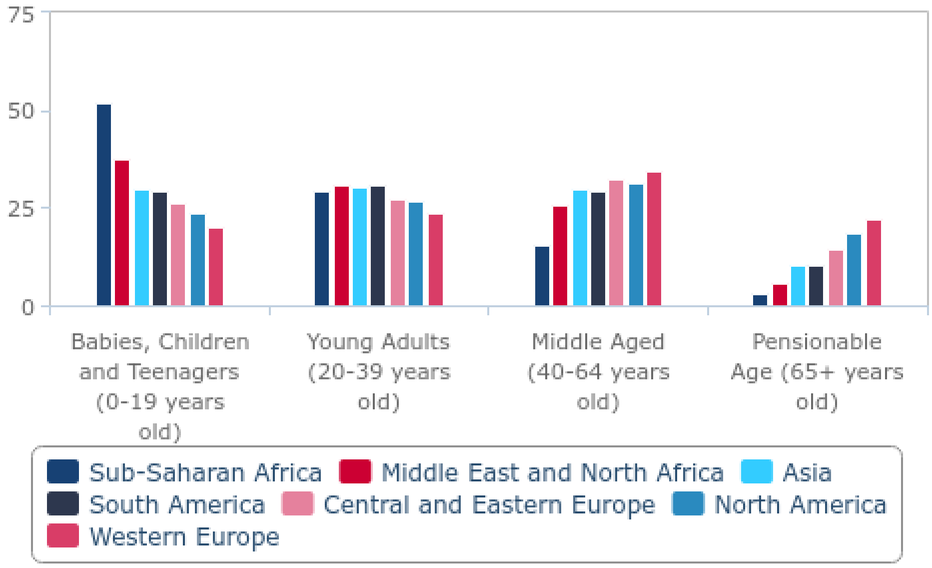
Generation	Characteristics
Gen Alpha 0-15 years	• Native digital shoppers who expect highly interactive and immersive shopping experiences • Heavily influenced by social media content and virtual experiences for purchasing decisions • Comfortable with voice shopping, AI recommendations, and emerging technologies
Gen Z 16-28 years	• Mobile-first shoppers who prefer shopping apps and social commerce platforms • Value authenticity, sustainability, and ethical practices when choosing brands • Expect personalized experiences and engage with brands through multiple digital touchpoints
Gen Y (Millennials) 29-44 years	• Conduct extensive research online before making purchases, reading reviews and comparisons • Embrace omnichannel shopping experiences that blend online and offline touchpoints • Willing to pay premium prices for convenience, quality, and brands that align with their values
Gen X 45–65 years	• Practical online shoppers who value efficiency, reliability, and good deals • More likely to be loyal to established e-commerce platforms with proven reliability • Appreciate detailed product information and customer service accessibility
Baby Boomers and The Silent Generation 65+ years	• Increasingly comfortable with e-commerce but may prefer simplified interfaces • More likely to shop from desktop computers than mobile devices • Value security, established brands, and clear return policies when shopping online

Source: BMI

In 2025, 30.1% of the population across Asia are young adults, or between the ages of 20 and 39 years old, while 40.3% of the population will be older than 40 years old in 2025. For e-commerce players in Emerging Asia, this is a sizeable longer-term opportunity. Indonesia and India will have a relatively younger demographic profile, with the median age of the population under 40. This tech-savvy demographic is more inclined towards online shopping, which is further propelled by rising smartphone adoption and improved internet connectivity. Similarly, the teenage demographic (0-19 years old) represents a significant future market for e-commerce, as they mature into young consumers. This group is growing up in an era of digital transformation, making them naturally adept with technology and online platforms. E-commerce businesses can target this demographic by leveraging social media and other digital channels popular among teenagers to build brand awareness and loyalty early on. The adoption of innovative digital payment solutions also enhances transaction security and efficiency, further encouraging online shopping among the region's tech-aware population. By contrast, markets such as Mainland China will have a growing proportion of Boomers and older generations. This suggests a continued demand for simplified interfaces with robust security features to accommodate the gradual digital adoption of older demographics, who have the higher spending power.

Varied Age Demographic Across Asia

Global – Regional Demographic Breakdown, % of population (2025)



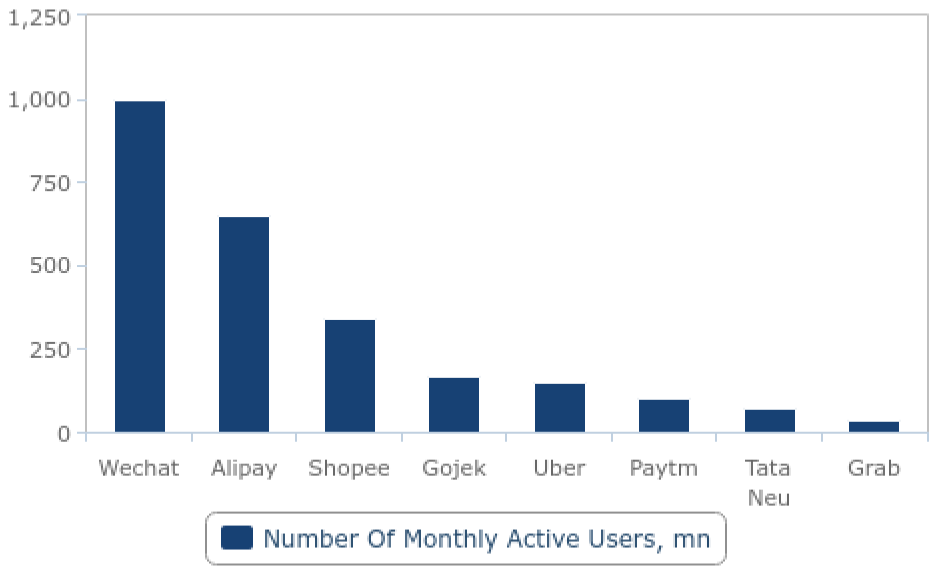
Note: May include territories, special administrative regions, provinces and autonomous regions. BMI forecast. Source: Local sources, BMI

Emerging Asia Will Continue To Push The Boundaries For Super Apps

Super apps have emerged as a major global trend in e-commerce; however, it is in Emerging Asia where they have truly flourished. Leading examples include WeChat and Alipay in Mainland China; Paytm and Tata Neu in India; and prominent South East Asian players such as Grab, GoTo (formed by Gojek and Tokopedia), Shopee and Lazada. WeChat stands out as the world's largest super app, partly due to it already being a widely used messaging platform in China before its parent company Tencent expanded its features significantly. Together, the top super apps in Asia-Pacific have a combined monthly active user base of 2.5bn. Most of these apps started by offering a single service - whether it was messaging (WeChat), ride-hailing (Grab, Gojek), financial services (Paytm) or e-commerce (Shopee, Lazada, Tokopedia); however, nearly all have sought to leverage their strong brand recognition and market success to branch out into a wide range of other areas, such as parcel delivery, grocery shopping, flight bookings and even insurance.

Super App Dominance In Emerging Asia

Selected Super Apps - Number Of Monthly Active Users, mn (2024)



Note: BMI estimate. Source: Company reports, BMI

E-Wallets Will Anchor The Digital Payment Proliferation In Emerging Asia

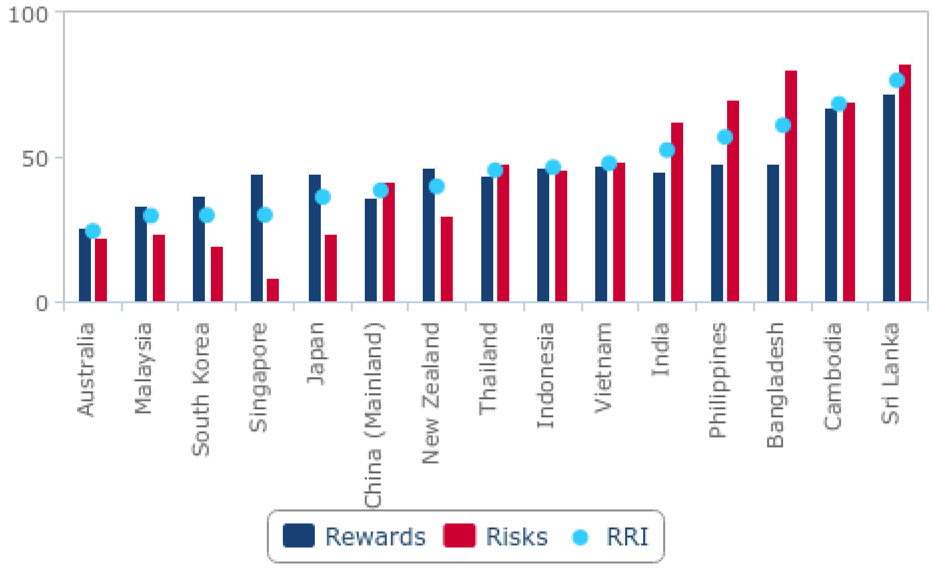
Digital wallets such as Alipay in China and Touch 'n Go in Malaysia have been the key catalyst for the explosive growth in the number of e-commerce users. According to data from the Global Findex Database by the World Bank, e-wallet adoption rates in Emerging Asia are some of the highest globally. In 2021 (latest available data), around 28% of those aged older than 15 years had a mobile money account in markets such as Malaysia. This is significantly higher than the global average, which was around 10% in the same year. Traditionally, the region has had to deal with diverse issues across different markets, ranging from unbanked or underbanked populations to concerns over transaction security. E-wallets allow consumers in Emerging Asia markets who do not qualify for traditional banking services to access viable alternatives and engage in the digital economy.

Emerging Asia E-Commerce Maturity Risk/Reward Index

Asia's e-commerce landscape presents a relatively mixed outlook for 2025. In Developed Asian markets, e-commerce is mature, with high internet penetration, advanced logistics networks and the widespread adoption of digital payments fostering a seamless online shopping experience. Conversely, Emerging Asian markets are experiencing rapid growth, driven by increasing smartphone use and expanding internet access. However, challenges remain in the sub-region regarding infrastructure, payment options and trust in online transactions. This divergence highlights both the opportunities and complexities of the broader region's digital retail sector.

Wide Range Of Market Opportunities

Asia - E-Commerce Maturity Index Score (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Index

Main Regional Features And Latest Updates

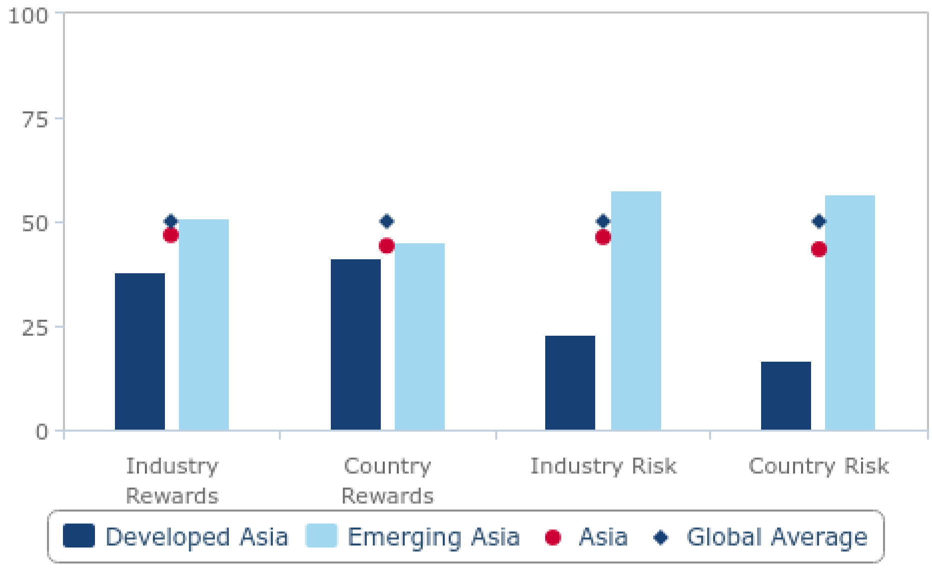
- The Asia region is our second highest scoring region in our 2025 E-Commerce Maturity Risk/Reward Index (RRI), with an average score of 45.4 out of 100, behind the first-ranked North American and Western European (NAWE) region, at 32.2 out of 100. However, within the Asia region, Emerging Asia, with an average score of 52.2 out of 100, is outscored by NAWE (32.2 out of 100) and Developed Asia (31.8 out of 100).
- Mainland China scores 38.3 out of 100 for our 2025 E-commerce Maturity RRI, ranking sixth out the 15 markets in the broader Asia region and 24th out of the 75 markets globally that we cover. The e-commerce market in Mainland China is one of the largest and most dynamic in the world, characterised by rapid growth and innovation.
- India scores 52.3 out of 100, ranking 11th out of the 15 markets in Asia and 46th out of the 75 markets that we cover. India's e-commerce market is rapidly growing, and is one of the most promising sectors in the market due to its large and young population, increasing internet and smartphone penetration, and growing consumer wealth.
- Malaysia (29.5 out of 100), with its low Risk profile and operational strengths, leads the Association of Southeast Asian Nations (ASEAN) region in e-commerce potential, while Singapore (29.7 out of 100) follows as an attractive market due to its low risk and strong infrastructure. Thailand (45.3 out of 100) and Vietnam (47.7 out of 100) show promise, with growing consumer markets; however, they both face challenges in retail formalisation and logistics. Indonesia (46.3 out of 100) emerges as a key future market, driven by its large and young consumer base, despite current challenges in retail formalisation and digital payment adoption.

E-Commerce Maturity Risk/Reward Index

The Asia region is our second-best scoring region in our 2025 E-commerce Maturity RRI, with markets in the region scoring an average of 45.4 out of 100. The region also boasts the second-best global average score in our Rewards pillar, scoring 45.6 out of 100, which is just behind the 38.1 out of 100 scored by NAWE. This score is driven by large, young, urban populations as well as high rates of digital connectivity. However, the region lags somewhat in our Industry Risk profile, where it scores an average of 46.2 out of 100, placing it third out of our six regions, behind NAWE (23.7 out of 100) and the Middle East and North Africa (45.4 out of 100).

Within the Asia region, there is a significant scoring difference between developed and emerging markets. Developed Asia scores well in our Index, with an average score of 31.8 out of 100, benefitting from more established consumer markets and low Risks scores. By comparison, Emerging Asia scores an average of 52.2 out of 100, weighed down by higher Risks scores. However, several markets within the sub-region still score particularly well overall, which highlights the attractiveness of their e-commerce markets going forward.

Emerging Asia Weighed Down By Higher Risks Scores
Asia - E-Commerce Maturity Risk/Reward Index (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Risk/Reward Index

Rewards Profile (48.8 out of 100; low to moderate risk)

Emerging Asia markets score an average of 51.1 in our Industry Rewards pillar, supported by rapidly growth consumer markets. While per capita consumer goods spending is still relatively low, total consumer spending levels are supported by large young and urban populations in Mainland China, India and Indonesia. On a global scale, a relatively small proportion of the adult population has made a digital payment, which suggests that there is significant room to grow digital infrastructure and shift consumer spending online.

Risks Profile (57.3 out of 100; moderate risk)

The region struggles under our Industry Risks pillar, scoring 57.9 out of 100 and ranking less favourably than the global average across three of the four measured pillars, namely Retail Formalisation, Investment Openness and Logistics Risk. This indicates a more challenging business landscape in Emerging Asia. Particularly, Emerging Asia's Retail Formalisation score is notably higher than the global average, which suggests significant barriers to retail market entry. While the difference in Logistics Risk is marginal, it still points to potential supply chain concerns. These factors, combined, highlight a region that presents various operational and investment challenges compared with global norms.

Asia - E-Commerce Risk/Reward Index (2025)

	Industry Rewards	Country Rewards	Rewards	Industry Risks	Country Risks	Risks	RRI
Developed Asia	38.0	41.5	39.4	23.0	16.9	20.5	31.8
Emerging Asia	51.1	45.4	48.8	57.9	56.5	57.3	52.2
Asia	46.7	44.1	45.6	46.2	43.3	45.1	45.4
Global Average	50.0	50.0	50.0	50.0	50.0	50.0	50.0

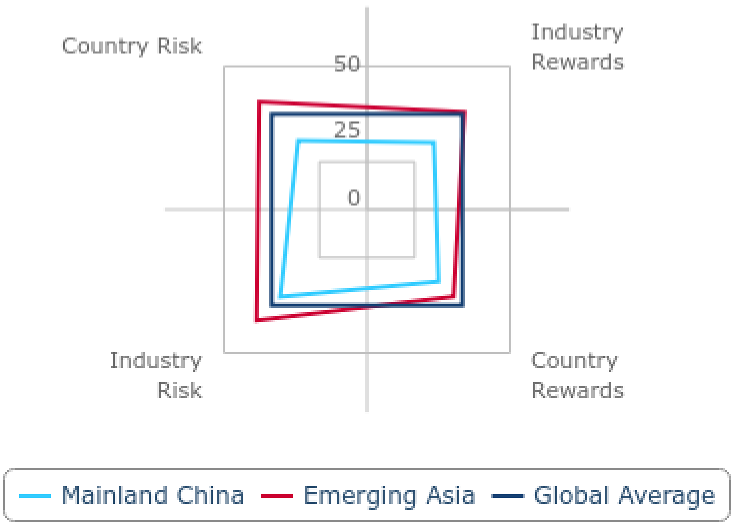
Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

Mainland China The World's Largest E-Commerce Market, But Still Room For Significant Growth

The e-commerce market in Mainland China is one of the largest and most dynamic in the world, characterised by rapid growth and innovation. China thus scores 38.3 out of 100 for our 2025 E-commerce Maturity RRI, ranking sixth out of the 15 markets in our Asia region and 24th out of 75 markets globally. Dominated by major players such as Alibaba, JD.com and Pinduoduo, the market has a strong mobile commerce presence, with a significant portion of transactions occurring on smartphones and other mobile devices, which is why China scores 45.9 out of 100 for our digital payments pillar, the second strongest scoring market in Emerging Asia. China's e-commerce landscape is also known for its advanced digital payment systems and logistics infrastructure, which facilitate efficient online transactions and delivery. Social commerce, where social media platforms integrate with e-commerce functions, is increasingly popular as well.

China has the ninth strongest Rewards profile globally (at 36.1 out of 100), offering a good mix between Industry (35.1 out of 100) and Country (37.5 out of 100) Rewards. China boasts the largest urban population, at 947mn people in 2025, and scores 0.0 out of 100 for our Urban Population pillar. As a result, China is the second largest consumer market globally, forecast at USD7.4trn worth of spending in 2025. However, Per Capita levels are still relatively low (scoring 62.2 out of 100), which suggests significant room for growth in per capita spending, which will lead to increased total spending over the next few years.

Market Offers An Attractive E-Commerce Market
Mainland China - E-Commerce Maturity Risk/Reward Index (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

Compared with other markets in Emerging Asia as well as the broader Asia region averages, China presents a relatively challenging Regulatory Environment (61.5 out of 100). While financial inclusion in China has notably improved due to government initiatives and the rise of digital payment systems such as Alipay and WeChat Pay, some rural and remote areas may still experience limited access to financial services. Nevertheless, China still has a more Formalised Retail sector (62.8 out of 100) than the average in Emerging Asia (77.4 out of 100). It also has a significantly lower Logistics Risk score (15.4 out of 100), reflecting a robust logistics framework that surpasses both regional benchmarks. Overall, Risks in China (41.7 out of 100) are lower when compared with Emerging Asia (57.3 out of 100) and the average across Asia as a whole (45.1 out of 100), which suggests that China's strong logistics and formal retail sector continue to offer a stable and efficient environment for e-commerce operations.

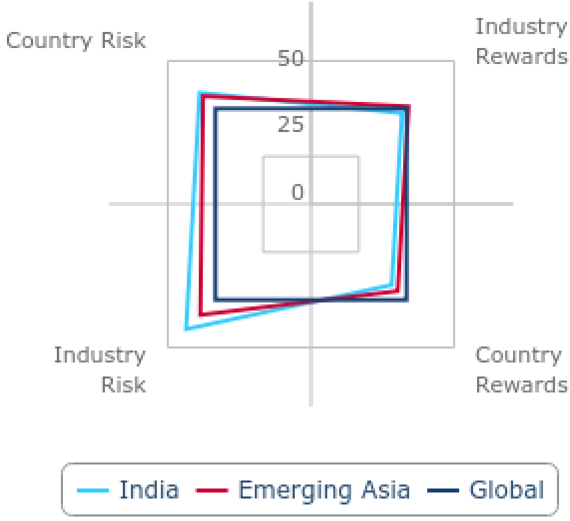
India E-Commerce Holds Potential As The Consumer Market Develops And Formalises

In our 2025 update to the E-Commerce Maturity RRI, India scores 52.3 out of 100, ranking 11th out of the 15 markets in Asia and 46 out of 75 markets that we cover. The market's attractive Rewards Profile, at 45.4 out of 100, is weighed down by its high Risk profile, at 62.6 out of 100. Despite this, several indicators point to the market's potential growth, making it an ideal market to target for growth over the medium-to-long term. India's e-commerce market is rapidly growing and is one of the most promising sectors due to its large and young population, increasing internet and smartphone penetration, and growing consumer wealth. The market is home to major home-grown players such as Flipkart (now owned by Walmart) and Snapdeal, as well as global giants such as Amazon. The sector has seen significant investment, and the competitive landscape is becoming increasingly intense.

Breaking down the market's Rewards profile, India's strongest score is within its Country Rewards (42.2 out of 100), where the market's large Urban Population (1.3 out of 100, one of the strongest scores globally) will increasingly make targeting the Indian consumer relatively easier. 33.1% of its population, or 482.0mn people, are aged between 20 and 39 years old in 2025, while a further 32.7%, or 474mn people, are below the age of 19 years old. This means that the Indian consumer market already offers a large and sustainable demographic base from which to grow. With regard to Industry Rewards (47.6 out of 100), Per Capita Consumer Spending is still relatively low (scoring 93.2 out of 100); however, real household spending growth over the next five years (at an average of 6.1% a year over the next five years) will rapidly drive these levels higher. India is already one of the world's largest consumer spending markets by value (2.7 out of 100). As the Indian consumer market develops and increasingly formalises over the next five years, it will quickly become a key e-commerce market globally.

Potential For A Large E-Commerce Market

India - E-Commerce Maturity Risk/Reward Index (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

Current levels of Risk (62.6 out of 100) in India may be too high for many businesses to look at expanding into the market. India's business environment is more challenging compared with both the Emerging Asia and global averages, highlighted by higher scores in the Regulatory Environment (64.1 out of 100) and Retail Formalisation (62.8 out of 100). This suggests that there are more stringent regulations and barriers to e-commerce market entry. India's government has implemented regulations aimed at protecting domestic players and consumers, including rules on foreign direct investment in the e-commerce space. However, India presents a lower Logistics Risk score (42.3 out of 100), which suggests a more efficient logistics framework compared with Emerging Asia (51.4 out of 100). It is also ahead of the global average (50 out of 100). Improvements in India's regulatory, retail formalisation and investment openness, alongside its already competent logistics infrastructure, could significantly bolster its appeal as a burgeoning e-commerce marketplace.

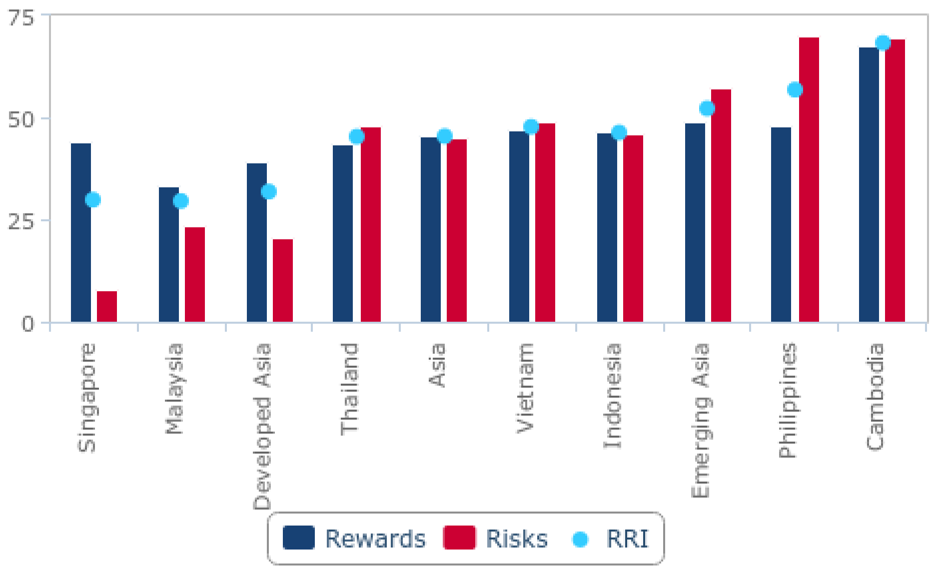
The ASEAN Region Stands As The Next E-Commerce Growth Frontier In Asia

Markets across the ASEAN region offer significant growth potential for the e-commerce sector. Malaysia is the most attractive, scoring 29.5 out of 100 in our 2025 E-Commerce Maturity RRI, making it the second strongest scoring market in Asia. Its strengths lie in a low Risk profile (23.7 out of 100, the fourth best score in Asia, behind Singapore, Japan, Australia and South Korea), underscored by a robust Regulatory Environment (7.7 out of 100), relatively Formalised Retail (37.2 out of 100) and Openness to Investment (6.4 out of 100). The market also benefits from excellent logistics (19.2 out of 100) and relatively minimal Long-Term (39.7 out of 100) and Short-Term Economic risks (18.6 out of 100). Despite not leading in digital payment adoption (51.4 out of 100) and the size of its Mass Affluent Class (47.4 out of 100), Malaysia's stable political environment (48.7 out of 100) and operational strengths (24.4 out of 100) render it a prime candidate for e-commerce growth.

Singapore closely follows Malaysia as an attractive e-commerce destination within the ASEAN region, largely the result of its very low Risk profile (8.0 out of 100). Singapore's stable political environment, strong legal framework and advanced logistical infrastructure present a low Risk profile for e-commerce ventures. Singapore is a comparatively small e-commerce market; however, it offers an ideal entry point for the wider ASEAN region. Companies can trial their products, set up operational frameworks and hire high quality employees in Singapore before expanding into the wider region.

Region Still Has High Risks, But Opportunities Emerging

ASEAN Markets - E-Commerce Maturity Risk/Reward Index (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

Thailand offers a moderate e-commerce Rewards profile, with strengths in a fast-growing Consumer Market (28.2 out of 100 in our indicator tracking real household spending growth over the next five year) and Internet Connectivity (16.2 out of 100). However, it faces challenges in Retail Formalisation (75.6 out of 100) and Logistics Risk (38.5 out of 100). The market's good Regulatory Environment (19.2 out of 100) is countered by higher Political (56.4 out of 100) and Operational Risks (44.9 out of 100) scores. Vietnam poses a similar outlook, with a rapidly growing consumer market; however poor levels of Retail Formalisation (87.2 out 100) and a small Affluent Population (79.5 out of 100) will hold back the growth potential of e-commerce in the market.

Indonesia is the next frontier market for e-commerce, driven by an already very attractive consumer market (scores 16.2 out of 100 for Total Consumer Goods Spending and 10.3 out of 100 for our indicator tracking real household spending growth over the next five years) and supported by a large urban population of roughly 169mn people in 2025 (5.1 out of 100). However, key indicators still hold back e-commerce growth potential in the market. For example, Retail Formalisation (66.7 out of 100) is still low and Digital Payment Adoption (89.2 out of 100) is not as high as other markets in the region. However, as the market formalises, consumer fundamentals will mean that Indonesia will be a key global e-commerce market in the future.

The following table displays our E-Commerce Maturity RRI for key markets in the Asia region.

Asia - E-Commerce Maturity Risk/Reward Index (2025)

Market	Sub-Region	Industry Rewards	Country Rewards	Rewards	Industry Risks	Country Risks	Risks	RRI	Regional Rank	Global Rank
Australia	Developed Asia	25.8	25.1	25.5	27.6	14.1	22.2	24.2	1	2
Malaysia	Emerging Asia	39.4	24.3	33.3	17.6	32.9	23.7	29.5	2	8
South Korea	Developed Asia	38.0	34.6	36.6	23.4	13.0	19.2	29.7	3	11
Singapore	Developed Asia	47.7	39.1	44.3	2.7	16.0	8.0	29.7	4	12
Japan	Developed Asia	38.6	53.0	44.4	23.1	23.7	23.3	36.0	5	20
Mainland China	Emerging Asia	35.1	37.5	36.1	45.5	36.1	41.7	38.3	6	24
New Zealand	Developed Asia	40.0	55.4	46.2	38.1	17.6	29.9	39.7	7	26
Thailand	Emerging Asia	44.6	42.2	43.6	47.1	49.0	47.9	45.3	8	32
Indonesia	Emerging Asia	50.2	41.1	46.6	45.7	46.3	45.9	46.3	9	33
Vietnam	Emerging Asia	50.3	41.8	46.9	47.4	50.8	48.8	47.7	10	34
India	Emerging Asia	47.6	42.2	45.4	65.4	58.3	62.6	52.3	11	46
Philippines	Emerging Asia	48.2	48.0	48.1	77.6	58.3	69.9	56.8	12	53
Bangladesh	Emerging Asia	51.7	42.3	47.9	87.2	70.0	80.3	60.9	13	58
Cambodia	Emerging Asia	70.2	63.5	67.5	60.9	82.2	69.4	68.3	14	66
Sri Lanka	Emerging Asia	73.4	70.6	72.3	84.3	80.8	82.9	76.5	15	74
	Developed Asia Average	38	41.5	39.4	23.0	16.9	20.5	31.8	na	na
	Emerging Asia Average	51.1	45.4	48.8	57.9	56.5	57.3	52.2	na	na
	Asia Average	46.7	44.1	45.6	46.2	43.3	45.1	45.4	na	na
	Global Average	50.0	50.0	50.0	50.0	50.0	50.0	50.0	na	na

Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

The Americas

North America E-Commerce Outlook

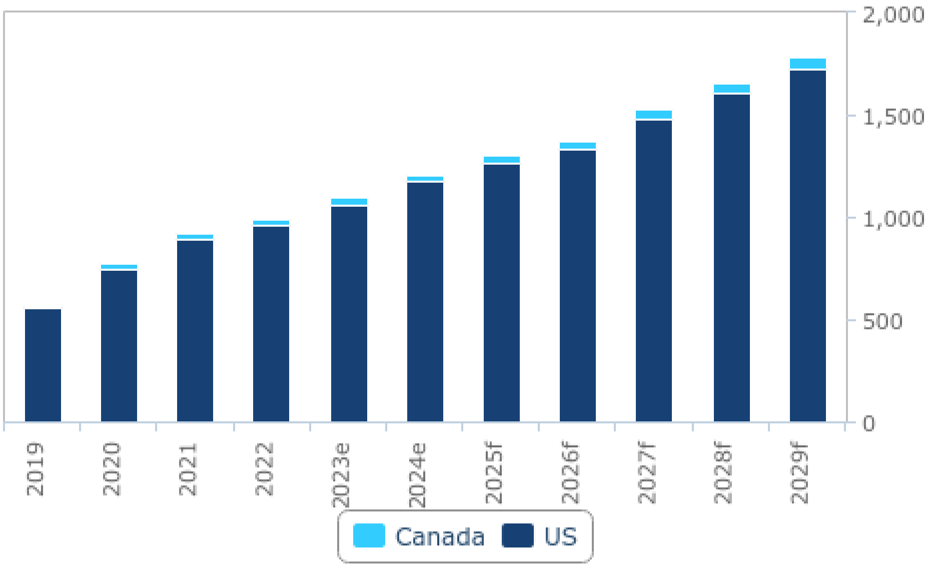
E-commerce across North America shows strong growth potential despite short-term challenges. The US dominates the market with significantly higher adoption rates compared with Canada. This reflects decades of digital infrastructure investment. Different generations display distinct online shopping behaviours, with middle-aged and older demographics representing key target markets due to their purchasing power. Recent policy changes eliminating import exemptions create headwinds for cross-border e-commerce, favouring established players with domestic infrastructure. Second-hand marketplaces are positioned to thrive, as consumers seek alternatives to higher-priced new merchandise in this evolving landscape.

E-Commerce Spending Outlook

Total Spend

Households across North America (ie, the US and Canada) will spend a total USD1.3trn via e-commerce channels over 2025, growing 7.5% y-o-y. While the sector will face some short-term disruption (discussed in more detail below), the medium-term outlook (2025-2029) remains bright. Consumer spending via e-commerce will grow an average of 8.1% a year, reaching USD1.8trn by 2029. Of this, the US remains the key player, accounting for roughly 97% of this total spending over this period.

US The Dominant E-Commerce Market
North America - Household Spending Via E-Commerce, USDbn (2019-2029)



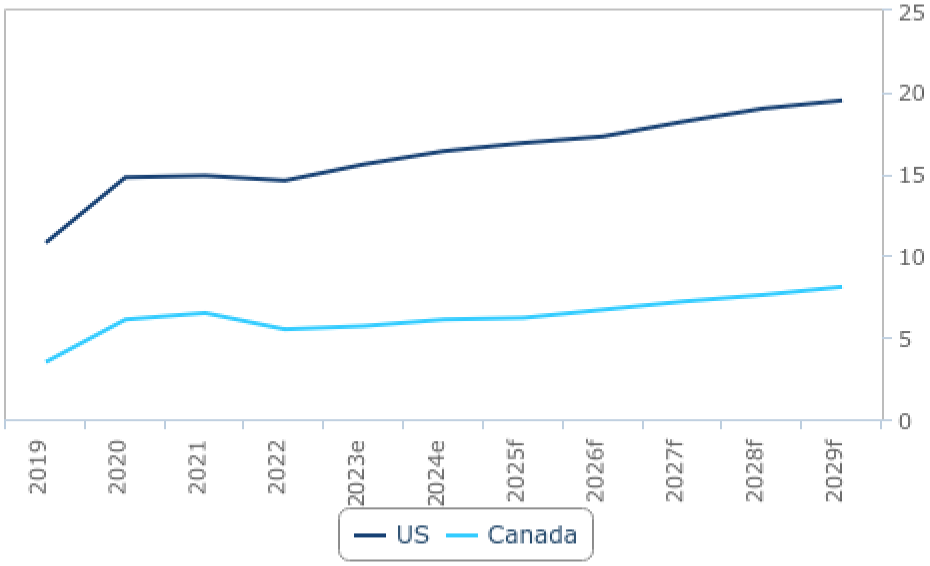
e/f = BMI estimate/forecast. Source: US Census Bureau, Statistics Canada, BMI

Proportional Spend

Breaking down these total figures, e-commerce penetration across is much higher in the US versus Canada. Of total household spending on goods in in 2025, US consumers will spend around 16% of it via e-commerce channels. This portion will grow to 20% by 2029. Proportionally, spending is much lower in Canada, at just 6.2% in 2025, growing to 8.1% by 2029. Despite this slower adoption rate, Canadian e-commerce will continue its steady growth trajectory, as retailers enhance their online capabilities and consumers become increasingly comfortable with digital shopping experiences.

Wider E-Commerce Penetration In The US

North America - E-Commerce Spending, % of total consumer goods spending (2019-2029)



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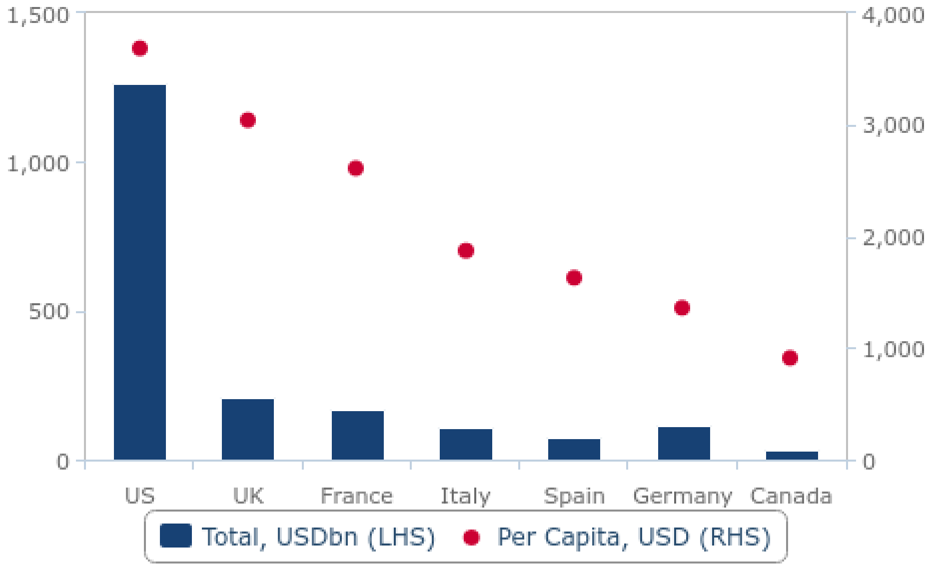
Per Capita Spend

The US e-commerce market stands out globally. On both a total level, at USD1.3trn in spending over 2025, and per capita, at USD3,680, the US e-commerce spending market is an outlier among peers across the NAWE region. This exceptional performance reflects decades of investment in digital infrastructure and consumer adoption of online shopping platforms. Conversely, Canada is an underperformer, with per capita spending of just USD908 in 2025, to a total of USD35bn in e-commerce spending.

US E-Commerce A Global Outlier

Selected Markets - E-Commerce Spending, USD (2025)



Note: BMI forecast. Source: National sources, BMI

Demographics

Considering the recent uptake in e-commerce globally, different generations exhibit distinct preferences. Gen Alpha (those aged 0-15 years old in 2025) are digital natives drawn to immersive experiences and artificial intelligence-driven shopping. Gen Z (aged 16-28 years old) prioritise mobile commerce, authenticity and personalised interactions. Millennials (29-44 years old) research thoroughly, embrace omnichannel approaches, and willingly pay for convenience and values alignment. Gen X (45-65 years old) value practicality, reliability and detailed information while maintaining platform loyalty. Baby Boomers (65 and older) are increasingly comfortable online and prefer simplified desktop interfaces with clear security measures and return policies from established brands.

Generational E-Commerce Usage Patterns

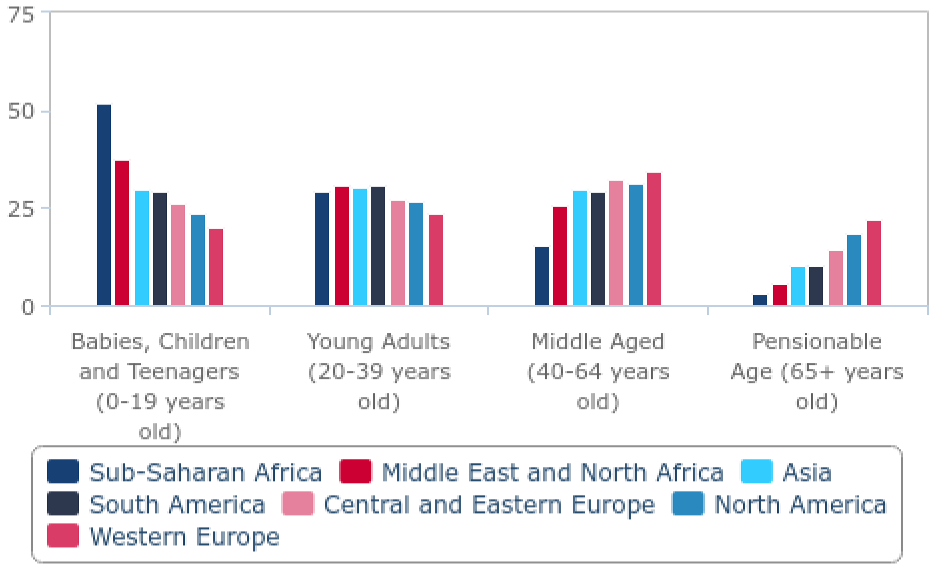
E-Commerce Usage Characteristics

Gen Alpha 0-15 years	• Native digital shoppers who expect highly interactive and immersive shopping experiences • Heavily influenced by social media content and virtual experiences for purchasing decisions • Comfortable with voice shopping, AI recommendations, and emerging technologies
Gen Z 16-28 years	• Mobile-first shoppers who prefer shopping apps and social commerce platforms • Value authenticity, sustainability, and ethical practices when choosing brands • Expect personalized experiences and engage with brands through multiple digital touchpoints
Gen Y (Millennials) 29-44 years	• Conduct extensive research online before making purchases, reading reviews and comparisons • Embrace omnichannel shopping experiences that blend online and offline touchpoints • Willing to pay premium prices for convenience, quality, and brands that align with their values
Gen X 45–65 years	• Practical online shoppers who value efficiency, reliability, and good deals • More likely to be loyal to established e-commerce platforms with proven reliability • Appreciate detailed product information and customer service accessibility
Baby Boomers and The Silent Generation 65+ years	• Increasingly comfortable with e-commerce but may prefer simplified interfaces • More likely to shop from desktop computers than mobile devices • Value security, established brands, and clear return policies when shopping online

Source: BMI

In 2025, 31.2% of the North American population will middle-aged (ie, between the ages of 40 and 64 years old), while a further 26.9% will be between the ages of 20 and 39 years old. North America has the second lowest proportion of the population under 20 years old, at just 23.6%, with only Western Europe lower (at 20.2%). 18% of the population will be older than 65 years old. This is the second highest ratio, just behind the roughly 22% seen in Western Europe. E-commerce giants targeting North American consumer markets must prioritise user experiences that cater to middle-aged and older demographics with higher disposable incomes. These platforms should emphasise accessibility features, streamlined checkout processes and robust customer service in order to capture market share in this affluent region. Strategic investments in seamless desktop and tablet interfaces, rather than solely mobile-first approaches, will yield stronger returns, given the age distribution of potential consumers.

Young Adult And Middle-Aged Populations The Largest Consumer Market
Global – Regional Demographic Breakdown, % of population (2025)



Note: BMI forecast. Source: National sources, BMI

Removal Of De Minimis Will Weigh Heavily On Future E-Commerce Growth Potential

The elimination of the *de minimis* rule represents a significant headwind to the previously robust e-commerce growth trajectory in the US market. With *de minimis* shipments constituting an overwhelming 92% of all cargo entering the US, according to the US Customs and Border Protection service, the sudden application of duties and taxes to these transactions will fundamentally alter the business model of these cross-border e-commerce channels going forward. There has been no evidence from the Trump administration that it will retract these changes. The timing coincides with broader tariff increases on Mainland Chinese goods (reaching up to 120%), compounding price pressures specifically on low-cost imports that have fuelled much of the recent e-commerce boom post-Covid. While companies are implementing adaptation strategies through local warehousing and supply diversification, these measures increase operational costs that will inevitably be reflected in consumer pricing, constraining the impulse purchasing behaviour that has characterised the ultra-discount e-commerce segment's explosive growth in the US over recent years.

E-Commerce Disruption Winners And Losers In The Post De Minimis Era

The traditional direct-to-consumer (D2C) business model, which relied on inexpensive Chinese manufacturing, minimal cross-border shipping costs and de minimis exemptions, has become economically unsustainable under new trade policies. With previously exempt shipments now facing customs fees and substantial tariffs, D2C brands face significant margin compression as the fundamental economics that drove their growth have deteriorated. This structural shift has forced a downward revision of e-commerce spending forecasts, as consumers encounter higher prices across thousands of previously competitive D2C brands, leading to market contraction particularly in discretionary categories.

Established e-commerce companies with extensive domestic warehousing and distribution infrastructure stand to gain significant competitive advantages. While international players such as Shein and Temu lose price competitiveness, companies such as Amazon (with over 100 fulfilment centres) and Walmart (leveraging 4,600 physical stores) can maintain operations without customs delays or unexpected duty costs. The new environment incentivises major brands to develop localised D2C channels with robust domestic manufacturing and optimised supply chains, allowing them to maintain greater control over pricing and customer experience while guaranteeing better delivery reliability.

Second-Hand Platforms And Re-Commerce Set To Thrive In New E-Commerce Landscape

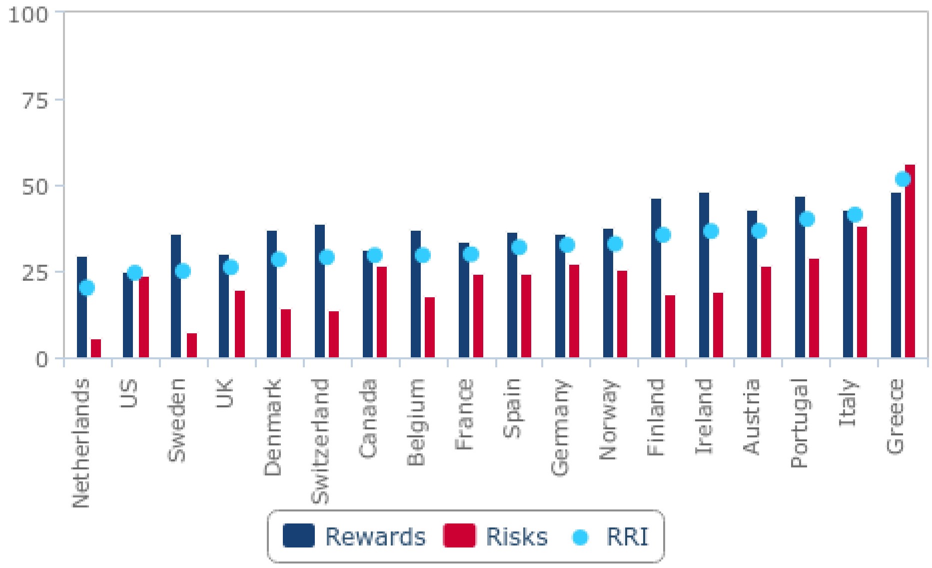
As traditional retail and D2C models struggle under new cross-border commerce constraints, second-hand marketplaces and re-commerce platforms stand to emerge as significant beneficiaries in this new e-commerce environment. These platforms operate largely independently of international supply chains, relying instead on domestic circulation of existing goods that have already cleared customs and tariff hurdles when initially imported. With consumers facing higher retail prices across categories most impacted by the elimination of the *de minimis* exemption, the value proposition of pre-owned merchandise becomes substantially more compelling. We expect accelerated consumer adoption of re-commerce platforms particularly in most severely impacted discretionary categories such as apparel, electronics and home goods, where price sensitivity will be highest. This structural advantage for domestic second-hand marketplaces contributes to our expectation that they will capture an expanding share of online retail activity through the medium term, partially offsetting broader spending growth deceleration, as consumers pursue more economical alternatives to full-price new merchandise.

North America E-Commerce Maturity Risk/Reward Index

The North America and Western Europe (NAWE) region leads globally in e-commerce maturity, with North America emerging as the top subregion. This dominance stems from exceptionally attractive consumer markets combined with stable operational environments. The US maintains its status despite increasing political and economic challenges, buoyed by its large consumer market, affluent population and superior logistics infrastructure. Canada similarly offers a balanced opportunity, with strong consumer spending power, widespread digital payment adoption and minimal operational barriers. This makes both markets highly desirable for e-commerce companies seeking expansion.

Very Low Risk With Attractive Pockets Of Opportunity

NAWE - E-Commerce Maturity Risk/Reward Index (2025)



Note: Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

Main Regional Features And Latest Updates

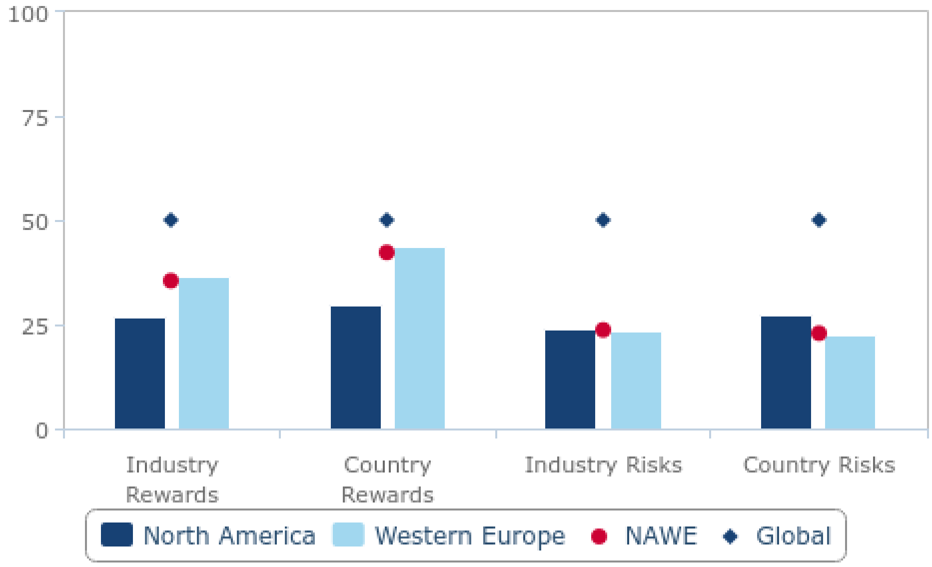
- The NAWE region is the highest ranked region in our 2025 update of the E-Commerce Maturity Risk/Reward Index (RRI), with markets scoring an average of 32.2 out of 100, outperforming the second-placed Asia region, with an average score of 45.4 out of 100. Markets across the NAWE region offer both attractive consumer markets and relatively less risky operational environments for e-commerce majors.
- North America, as a sub-region, is the top performer in the index, scoring an average of 26.9 out of 100, compared with the 31.8 out of 100 scored by second-placed Developed Asia. North America's Industry Rewards profile drives this performance, with the large and lucrative consumer markets in both the US and Canada driving this score. High levels of digital literacy and internet connectivity means that most North American households use e-commerce services in their day-to-day consumption.
- Despite growing political and economic risks, the US maintains its high ranking (third out of 75 markets) in our 2025 E-Commerce Maturity RRI due to its exceptionally strong consumer market fundamentals, including signficant consumer goods spending (USD6.6trn), high disposable incomes (USD112,500 per household), excellent logistics infrastructure and a favourable investment environment.
- Canada ranks ninth out of the 75 markets globally in our 2025 E-Commerce Maturity RRI, offering a well-balanced opportunity with high consumer spending (USD12,280 per capita by 2029), widespread digital payment adoption and exceptionally low operational risks, making it an attractive and straightforward market for e-commerce expansion despite its relatively modest population size of around 39mn.

E-Commerce Maturity Risk/Reward Index

The NAWE region is the outperforming region in our 2025 E-Commerce Maturity RRI, with markets in the region scoring an average of 32.2 out of 100. Markets across NAWE offer an attractive combination of large consumer markets and stable economic and political environments (scoring an average of 22.9 out of 100 in our Country Risk pillar, compared with the global average of 50.0 out of 100), combined with favourable regulatory and industry environments (scoring an average of 23.7 out of 100 in our Industry Risks pillar). The NAWE region's affluent consumers; advanced digital infrastructure; and stable, low-risk business environment make it an ideal target for e-commerce growth.

North America Offers Strong Rewards Profiles

NAWE - E-Commerce Maturity Risk/Reward Index (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BE-Commerce Maturity Risk/Reward Index

North America

Rewards Profile (28.0 out of 100; low risk)

The North America sub-region boasts the most attractive consumer markets globally (scoring 26.8 out of 100 for our Industry Rewards pillar, the strongest score globally), scoring well on both total and per capita consumer goods spending. A large proportion of the consumer market also makes or receives digital payments, showing an inclination towards e-commerce. With regard to Country Rewards (29.8 out of 100, also the strongest score globally), both a large affluent class and a significant urban population will drive value and volume e-commerce over coming years.

Risks Profile (25.3 out of 100; low risk)

North America scores low for Risks, offering companies a similar operating environment for e-commerce majors. North America stands out in our Investment Openness indicator, scoring 15.4 out of 100. This highlights how easy and attractive it is for e-commerce companies to set up and expand operations in the region. Combined with a similarly low Operational Risk score of 5.8 out of 100, North America's Risk profile for e-commerce companies is the most attractive globally.

NAWE - E-Commerce Maturity Index (2025)

	Industry Rewards	Country Rewards	Rewards	Industry Risks	Country Risks	Risks	RRI
North America	26.8	29.8	28.0	24.0	27.2	25.3	26.9
NAWE	35.4	42.2	38.1	23.7	22.9	23.4	32.2
Global Average	50.0	50.0	50.0	50.0	50.0	50.0	50.0

Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: E-Commerce Maturity Risk/Reward Index

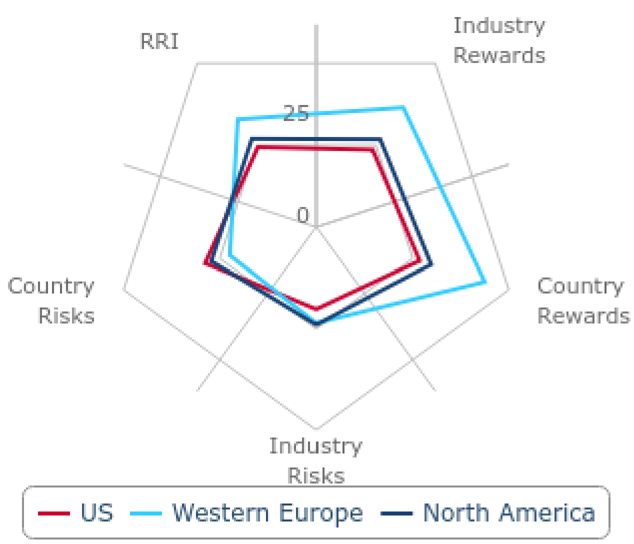
US: Risks Growing, But Attractive Consumer Market Maintains Its High Ranking

The US scores a strong 24.4 out of 100 for our 2025 E-Commerce Maturity RRI, ranking third out of the 75 markets in our index, with only the Netherlands (20.1 out of 100) and Australia (24.2 out of 100) scoring stronger. The market's high ranking is mostly attributable to its attractive consumer market, scoring a global best 0.0 out of 100 for our total Consumer Goods Spending indicator (at USD6.6trn in 2025), while also scoring well, at 2.7 out of 100, on our Per Capita Consumer Goods Spending indicator (at USD18,700 in 2025). With regard to Country Rewards (26.8 out of 100), the US boasts a large urban (around 287mn people in 2025) and mass affluent class population (the average household's disposable income will be USD112,500 in 2025). These are both key drivers for e-commerce growth. Internet connectively is also very high, with every mobile phone subscriber having access to 4G and 5G connectivity by 2029.

With regard to Risks, a business friendly environment sees the US score 20.2 out of 100 for Industry Risks (compared with the NAWE average of 23.7 out of 100). The US scores a global best in Logistics Risks, while also scoring particularly well in our Investment Openness (11.5 out of 100 compared with the NAWE average of 22.8 out of 100) score. These favourable scores indicate a conducive environment for e-commerce companies, with minimal barriers to foreign investment and a reliable infrastructure for supply chain efficiency

Rewards Profile Makes Up For Risks

US - E-Commerce Maturity Risk/Reward Index (2025)



Note: Scores out of 100; lower score = more attractive market. Source: E-Commerce Maturity Risk/Reward Index

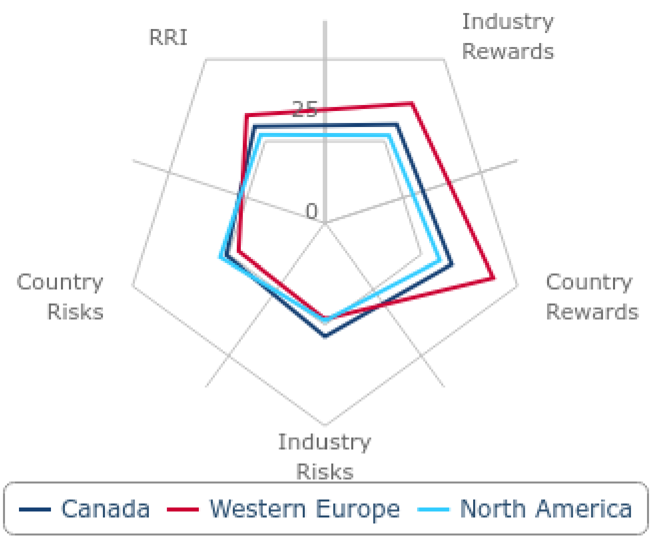
The two areas in which the US underperforms in are its Short-Term Economic Risks (59.0 out of 100) and its Political Risks (46.2 out of 100) indices. The overall outlook remains stable, with strong democratic institutions, adherence to the strong rule of law and minimal corruption supporting stability. However, recent developments have demonstrated how quickly these risks can feed through into the e-commerce sector in the market. The implementation of Trump's reciprocal tariffs and the removal of the *de minimis* rule illustrate how political decisions can rapidly transform market dynamics, with platforms such as Shein and Temu already announcing price hikes and consumers front-loading purchases in expectation of higher costs.

Canada: An Easy E-Commerce Market To Expand Into

Canada ranks seventh out of the 18 NAWE markets and ninth out of the 75 global markets in our 2025 E-Commerce Maturity RRI, with an overall score of 29.5 out of 100. This is stronger than the NAWE average of 32.9 out of 100. Canada offers a well balanced Rewards profile, scoring around 30 out of 100 (high rewards) for both the Industry and Country Rewards pillars, supported by an attractive consumer market, with high per capita (USD12,280 by 2029) and total consumer spending (around USD500bn by 2029). Digital payment levels are also relatively high, with the majority of Canadian consumers having made or received a digital payment. The only pillar in which Canada underperforms, relatively, is its Country Rewards, where it scores 32.9 out of 100 (still a stronger score than the NAWE average of 42.2 out of 100). The market's population is relatively small, at around 39mn people, while its spending population (ie, those aged 20-39 years old) only accounts for 26.7% of the overall population, at just 10.5mn people.

The market's score is supported by its low risk profile, scoring 27.9 out of 100 for Industry Risks and 27.0 out of 100 for Country Risks (slightly weaker than the NAWE average of 23.7 and 22.9 out of 100 respectively). For an e-commerce company looking to expand in Canada, these metrics indicate a favourable environment with high digital payment adoption and strong consumer spending potential, albeit within a relatively smaller total addressable market. The low operational risk profile suggests that market entry and business operations should be smoother than in many other markets, making Canada an attractive expansion target despite its more modest population size. Canada has the fifth best Operational Risk score regionally, at 6.4 out of 100 (compared with the regional average of 17.2 out of 100).

Slightly Stronger Rewards Profile Than The NAWE Average
Canada - E-Commerce Maturity Risk/Reward Index (2025)



Note: Scores out of 100; lower score = more attractive market. Source: E-Commerce Maturity Risk/Reward Index

The following table displays our E-Commerce Maturity Index for the key markets in the NAWE region.

NAWE - E-Commerce Maturity Index (2025)

Market	Region	Industry Rewards	Country Rewards	Rewards	Industry Risks	Country Risks	Risks	RRI	Regional Rank	Global Rank
Netherlands	Western Europe	30.1	29.4	29.8	3.2	9.3	5.6	20.1	1	1
US	North America	23.6	26.8	24.8	20.2	28.8	23.7	24.4	2	3
Sweden	Western Europe	32.7	41.8	36.3	8.0	7.1	7.6	24.9	3	4
UK	Western Europe	29.1	31.5	30.1	14.1	28.5	19.9	26.0	4	5
Denmark	Western Europe	32.8	44.2	37.4	19.6	7.4	14.7	28.3	5	6
Switzerland	Western Europe	34.3	45.4	38.7	15.7	11.9	14.2	28.9	6	7
Canada	North America	30.1	32.9	31.2	27.9	25.6	27.0	29.5	7	9
Belgium	Western Europe	42.1	30.4	37.4	6.7	34.3	17.8	29.5	8	10
France	Western Europe	36.6	28.8	33.5	22.3	27.2	24.3	29.8	9	13
Spain	Western Europe	37.8	34.6	36.5	21.8	29.2	24.7	31.8	10	15
Germany	Western Europe	28.2	47.9	36.1	34.3	16.7	27.2	32.5	11	16
Norway	Western Europe	32.7	45.3	37.8	38.1	6.3	25.4	32.8	12	18
Finland	Western Europe	48.1	44.6	46.7	16.0	22.1	18.5	35.4	13	19
Ireland	Western Europe	39.2	61.5	48.1	25.3	9.6	19.0	36.5	14	22
Austria	Western Europe	34.1	56.6	43.1	28.8	24.0	26.9	36.6	15	23
Portugal	Western Europe	46.5	48.5	47.3	28.5	30.1	29.2	40.0	16	27
Italy	Western Europe	37.0	52.1	43.1	36.2	42.0	38.5	41.3	17	28
Greece	Western Europe	42.8	56.9	48.4	59.0	52.6	56.4	51.6	18	44
	Western Europe	36.5	43.7	39.4	23.6	22.4	23.1	32.9	na	na
	North America	26.8	29.8	28.0	24.0	27.2	25.3	26.9	na	na
	NAWE Average	35.4	42.2	38.1	23.7	22.9	23.4	32.2	na	na
	Global Average	50.0	50.0	50.0	50.0	50.0	50.0	50.0	na	na

Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. na= not applicable.
Source: E-Commerce Maturity Risk/Reward Index

Latin America E-Commerce Outlook

The Latin America (LatAm) e-commerce market is growing from relative underdevelopment, as consumers retain a stunted level of exposure. However, fintech innovations and the rise of super apps such as Mercado Libre and Rappi, which integrate various services, are seeing rapid uptake. Along with digital payment advancements and digital wallets, the e-commerce landscape is increasing its transaction security and promoting financial inclusion. However, logistics remain a downside risk, as many urban and rural centres tend to be challenging for final-mile delivery services.

E-Commerce Spending Outlook

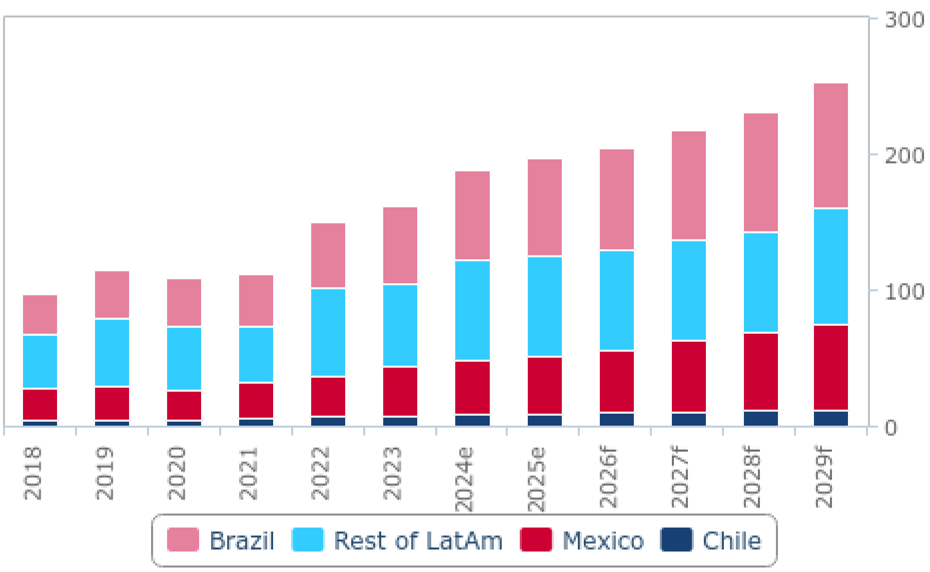
Total Spend

Households across LatAm are projected to spend a total of USD170.4bn on consumer goods through e-commerce channels in 2025, growing by 4.9% y-o-y. This underscores the region's digital transformation and increases consumer engagement with online platforms. Brazil leads this growth with an expected spending of USD71.0bn over the year, driven by an expanding middle class and improved internet connectivity. The rest of LatAm, contributing USD74.1bn, highlights broad-based growth opportunities. Mexico and Chile are also significant contributors, with Mexico expected to reach USD16.0bn and Chile USD9.3bn in e-commerce spending, driven by smartphone adoption and advanced digital infrastructure.

Over our medium-term forecast period (2025-2029), Brazil's e-commerce market will grow by at an average annual rate of 5.6% to reach USD93.2bn by 2029. Chile will see similar growth, with spending increasing to USD12.4bn. Mexico's e-commerce market is set to expand steadily, reaching USD23.7bn by 2029. This reflects the broader trend of digital adoption across LatAm, where traditional retail is increasingly complemented by digital sales channels. As infrastructure and payment systems improve, the e-commerce sector is positioned for sustained growth, with total regional spending expected to reach USD214.9bn by 2029, highlighting the ongoing evolution and potential of e-commerce in LatAm.

Broader Spending Growth As Brazil Leads Spending

LatAm - Household Goods Spending Via E-Commerce, USDbn (2018-2029)



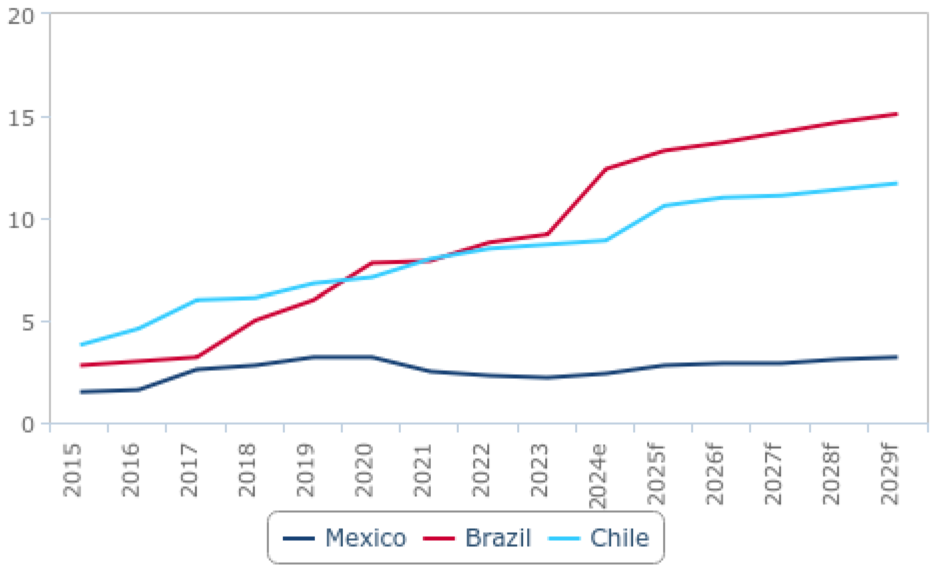
e/f = BMI estimate/forecast. Source: National statistics, BMI

Proportional Spend

In terms of proportional consumer goods spending, Brazil's e-commerce penetration is forecast to be 13.3% in 2025, up from 10.3% in 2022. This is expected to reach 15.1% by 2029. Chile follows, with e-commerce accounting for 10.6% of total consumer goods spending in 2025, growing to 11.7% by 2029. Mexico's e-commerce penetration remains lower when compared with its regional counterparts, projected at 2.8% in 2025. However, it is expected to increase to 3.2% by 2029. As digital adoption continues to advance across LatAm, these figures highlight the region's ongoing transition towards online shopping, driven by both technological advancements and increasing consumer familiarity with e-commerce platforms.

Steady Growth In Proportional Spending

LatAm - E-Commerce Spending, % of total consumer goods spending (2015-2029)



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Region's Demographics Will Shape E-Commerce's Evolution

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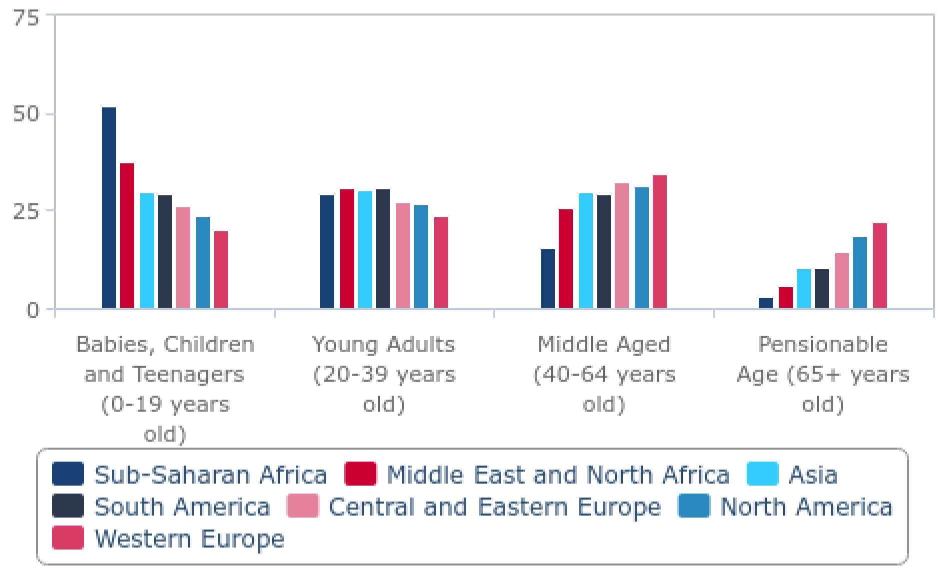
Source: BMI

The demographic composition of LatAm, with young adults (20-39 years old) comprising 31.1% of the population and middle-aged individuals (40-64 years old) making up 29.5%, presents fertile ground for e-commerce growth. This tech-savvy demographic, accounting for over 60% of the population, is more inclined towards online shopping, which is further propelled by rising smartphone adoption and improved internet connectivity. Similarly, the teenage demographic (0-19 years old), which accounts for 29.1% of the population, represents a significant future market for e-commerce, as they mature into young consumers. This group is growing up in an era of digital transformation, making them naturally adept with technology and online platforms. E-commerce businesses can target this demographic by leveraging social media and other digital channels popular among teenagers to build brand awareness and loyalty early on. The adoption of innovative digital payment solutions also enhances transaction security and efficiency, further encouraging online shopping among the region's tech-aware population.

Latin America Boasts An Attractive Demographic Mix

Global – Regional Demographic Breakdown, % of population (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. BMI forecast. Source: National sources, BMI

Fintechs And Super Apps Driving Demand

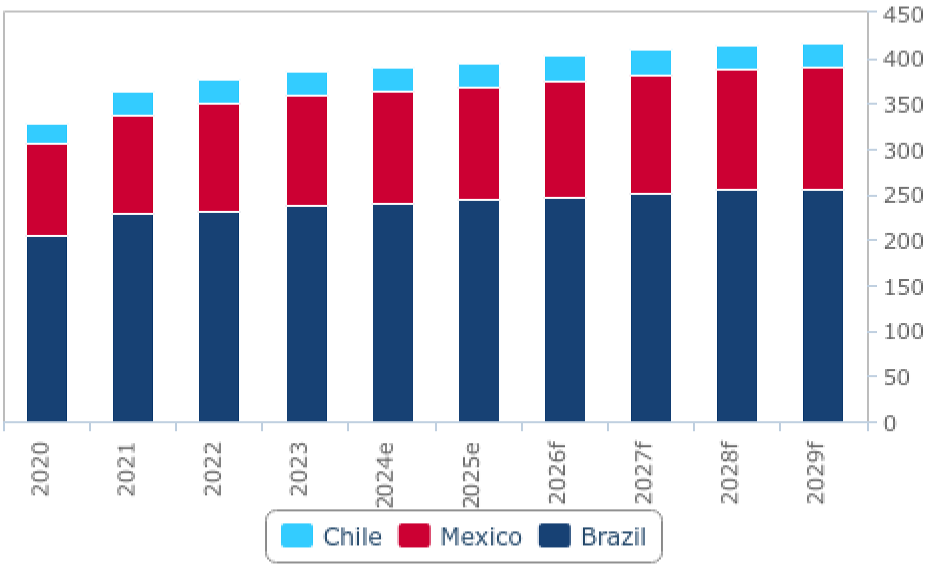
Super apps such as Mercado Libre and Rappi are redefining the digital landscape in LatAm a by integrating a wide range of services into a single platform. These applications now extend beyond e-commerce to include payments, food delivery, entertainment and financial services. Advancements in digital payment solutions (eg, Brazil's Pix system) are also transforming the e-commerce experience by making transactions faster and more secure, thereby encouraging more consumers to shop online and contributing to the overall growth of e-commerce. Digital wallets such as Mercado Pago and PicPay, along with buy-now-pay-later solutions, are also gaining traction. These innovations are promoting financial inclusion by enabling unbanked and underbanked populations to engage in the digital economy.

Mobile-First Commerce To Drive Consumer Adoption

The increasing penetration of smartphones, coupled with improved internet connectivity, is driving the growth of e-commerce in LatAm. As more consumers gain access to mobile devices and reliable internet, online shopping becomes more convenient and accessible. In 2025, Brazil is projected to have 244.9mn smartphones, while Mexico and Chile are expected to reach 123.7mn and 27.2mn respectively. By 2029, these figures are forecast to rise to 256.9mn in Brazil, 134.3mn in Mexico and 26.6mn in Chile. This sustained growth underscores the region's mobile-first trajectory, prompting businesses to prioritise mobile-optimised platforms, enhance app performance and deliver seamless user experiences to meet evolving consumer expectations.

Smartphones Will See High Regional Penetration

LatAm - Number Of Smartphones, mn (2020-2029)



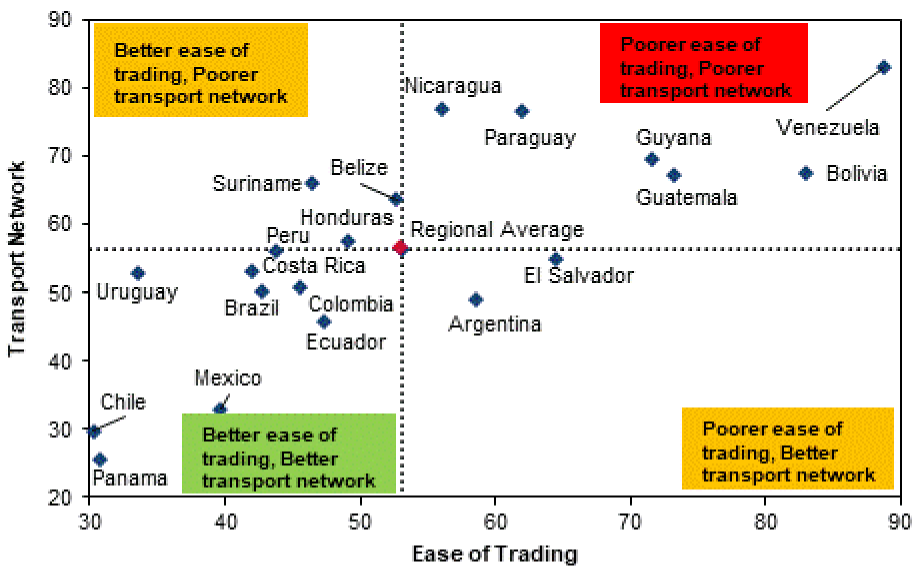
e/f = BMI estimate/forecast. Source: National statistics, BMI

Logistics Still Remain A Risk Factor

Efficient logistics and streamlined trade procedures are vital to the success of e-commerce in LatAm. Among the major markets, Mexico demonstrates relatively favourable conditions, scoring 39.6 out of 100 for ease of trading and 32.9 out of 100 for transport infrastructure. Brazil and Argentina, while economically significant, face more logistical challenges, with Brazil at 42.7 out of 100 and 50.2 out of 100, and Argentina at 58.5 out of 100 and 49.0 out of 100 respectively. By contrast, Chile and Panama offer some of the most favourable environments, with both metrics below 31.0 out of 100. These disparities highlight the need for targeted infrastructure investment and regulatory reform to unlock the region's full e-commerce potential.

Transport Network Remains A Challenge, But Ease Of Trading Improves

LatAm - Transport Network & Ease Of Trading Risk (2025)



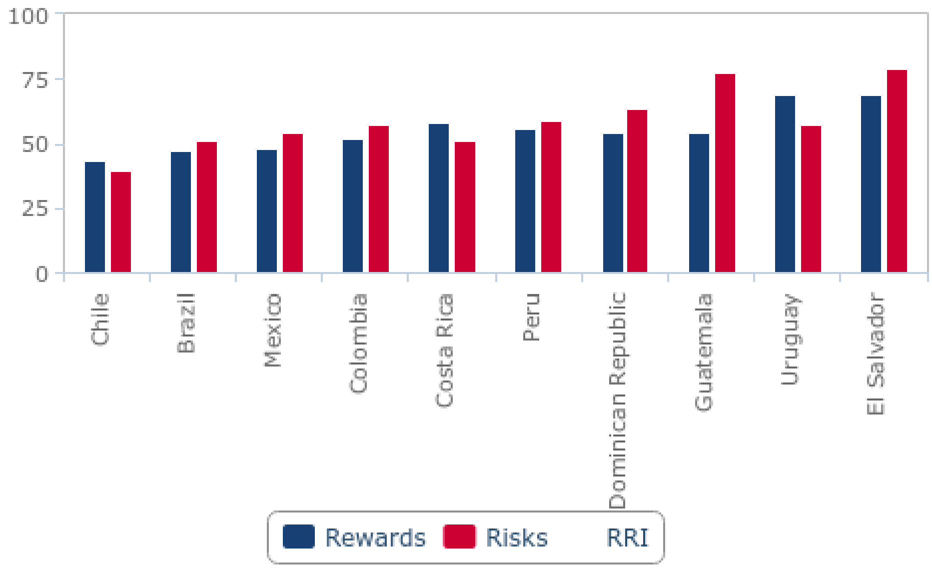
Note: Scores out of 100; lower score = more attractive market. Source: BMI Operational Risk Index

Latin America E-Commerce Maturity Risk/Reward Index

In 2025, the Latin America (LatAm) region ranks fifth out of the six regions in our E-Commerce Maturity Risk/Rewards Index (RRI). Despite this low ranking, the region shows strong growth potential, driven by young, tech-savvy populations and improving internet infrastructure. Challenges persist in digital payment adoption and logistical barriers, especially beyond urban centres. Markets such as Chile, Brazil and Mexico lead in e-commerce maturity, showcasing a trend towards enhanced digital connectivity and consumer engagement, albeit with regional disparities.

Chile And Brazil Lead, Rest Of Region Underperforms Global Average

LatAm - E-Commerce Maturity Risk/Reward Index (2025)



Note: Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Rewards Index

Main Regional Features And Latest Updates

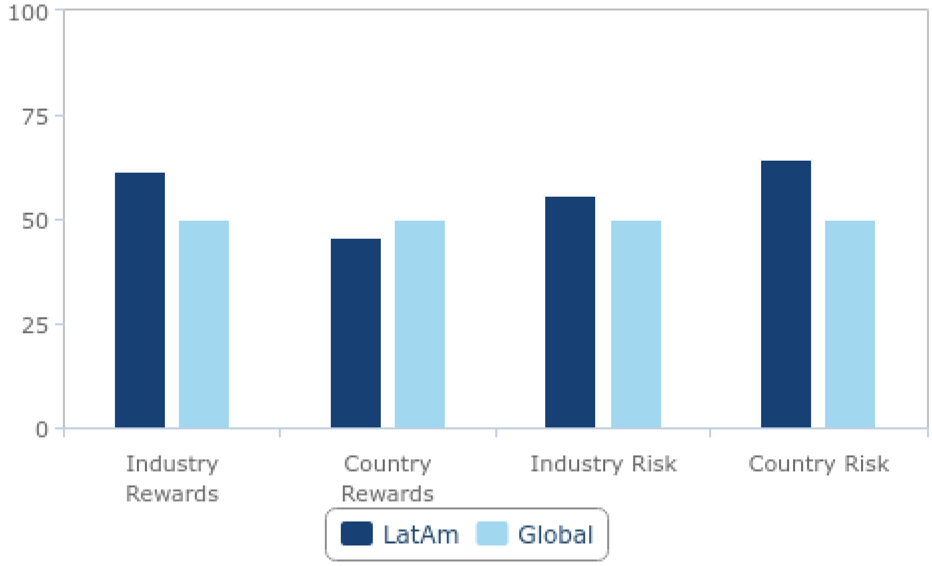
- LatAm ranks fifth out of six regions in our 2025 E-Commerce Maturity Risk/Reward Index (RRI), with an average score of 56.7 out of 100. The region shows strengths in areas such as its young and Urbanised Population (44.2 out of 100) and controlled medium-term (2025-2029) spending forecasts. However, there are notable challenges, particularly with digital payment infrastructure (76.4 out of 100), reflecting lower adoption rates compared with global standards.
- Chile stands out as LatAm's most attractive e-commerce market, ranking first in the region and 29th out of the 75 markets that we cover globally. With an E-Commerce Maturity RRI score of 41.9 out of 100, Chile benefits from strong digital infrastructure, high internet connectivity and a stable industry environment, making it a favourable destination for e-commerce investment.
- Brazil follows as the second most attractive market in LatAm, ranking 38th globally, with an overall RRI score of 49.1 out of 100. It offers a vast consumer market with considerable growth potential, supported by advancements in digital payments. However, challenges such as logistical and political risks remain significant hurdles for businesses operating in the market.
- Mexico ranks third in the region and 41st globally, with an E-Commerce Maturity RRI score of 50.7 out of 100. The market boasts a large urban population and growing consumer base, supported by improving digital infrastructure. Nevertheless, issues with internet connectivity and digital payment use present challenges that need to be addressed in order to fully capitalise on its e-commerce potential.

E-Commerce Maturity Index

The LatAm region ranks fifth out of the six regions in our 2025 E-Commerce Maturity RRI. LatAm scores an average of 56.7 out of 100, which is weaker than the global average of 50.0 out of 100. The region shows moderate performance in our Industry Rewards pillar, scoring 61.5 out of 100, with particular weakness under our Digital Payments indicator (76.4 out of 100), where, compared with the rest of the world, a relatively smaller proportion of the region's population has made or received a digital payment. Per Capita Consumer Spending remains modest, with a score of 65.4 out of 100 in LatAm. However, the region outperforms the global average under our Country Rewards pillar, scoring 45.6 out of 100, with LatAm boasting a young, large and highly Urbanised Population (44.2 out of 100). This is coupled with relatively good Internet Connectivity rates (57.1 out of 100).

Country Rewards Key Strength

LatAm - E-Commerce Maturity Risk/Reward Index (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Rewards Index

Rewards Profile (55.1 out of 100; moderate risk)

The LatAm region presents a moderately unfavourable e-commerce Rewards profile, ranking fifth among our six covered regions globally, scoring 55.1 out of 100 under our Rewards Index. The region's positioning reflects stronger Country Rewards indicators compared with its Industry Rewards metrics, with significant variation across markets. LatAm's e-commerce landscape faces notable challenges in digital payment infrastructure, with particular weakness under our Digital Payments indicator (76.4 out of 100) and limited mass affluent consumer segments, creating barriers to broader market development. The region demonstrates uneven development in digital readiness, with reasonable internet connectivity in urban centres contrasting with significant gaps in rural areas. This geographic disparity creates logistical challenges for e-commerce operations, particularly in last-mile delivery and market penetration beyond major metropolitan areas. However, LatAm benefits from relatively strong Urbanisation levels (at 44.2 out of 100) and a sizeable consumer base (20.8 out of 100 under the Spending Population pillar), representing the region's most promising attributes for future e-commerce growth.

Despite these advantages, household spending growth projections remain modest over the five-year forecast period (at 47.2 out of 100 under our Real Household Spend Five-Year Growth pillar), reflecting persistent economic uncertainty and cautious consumer sentiment across many markets. The region's aggregate Rewards score is weaker than the global average, which highlights the need for substantial improvements in digital infrastructure and financial inclusion before LatAm can realise its full e-commerce potential across its diverse economies.

Risks Profile (59.1 out of 100; moderate risk)

The LatAm region faces considerable e-commerce challenges, with unfavourable Industry Risk indicators, including weak Regulatory Environments (68.5 out of 100) and significant Logistics barriers (69.5 out of 100). While some markets show strength in Retail Formalisation (29.2 out of 100), particularly in the major urban centres of Brazil, Mexico and Chile, this advantage remains unevenly distributed across the region's diverse economies. The risk landscape is further complicated by elevated Country Risks (64.4 out of 100), which reflect political uncertainty (64.2 out of 100) and Operational challenges (68.2 out of 100) that exceed global averages. Both Short- and Long-Term Economic Risk indicators (62.4 out of 100 and 62.6 out of 100) suggest persistent structural issues that may constrain e-commerce investment and development.

LatAm - E-Commerce Maturity Risk/Reward Index (2025)

	Industry Rewards	Country Rewards	Rewards	Industry Risk	Country Risk	Risks	RRI
LatAm	61.5	45.6	55.1	55.6	64.4	59.1	56.7
Global Average	50.0	50.0	50.0	50.0	50.0	50.0	50.0

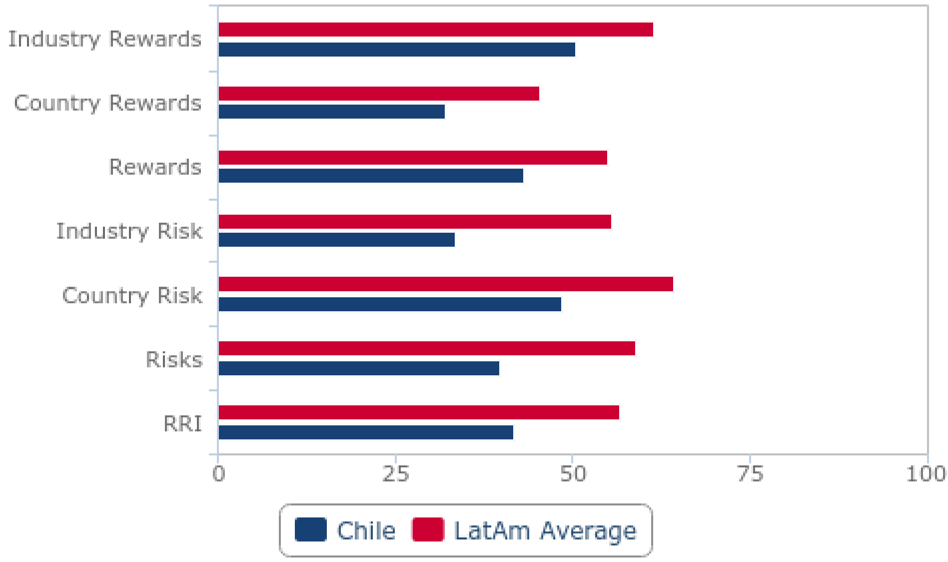
Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Rewards Index

Chile Banks On Stability And Digital Connectivity

Chile ranks first regionally and 29th out of the 75 markets that we cover globally. This highlights its relative strength within the region. Its E-Commerce Maturity RRI score of 41.9 out of 100 signifies balanced potential for e-commerce ventures, as the market possesses a base of digital infrastructure as well as a supportive consumer environment. Chile offers a broadly stable Industry Rewards environment, as a robust base of both per capita and total consumer goods spending complement steady medium term (2025-2029) household spending expansion. An Industry Rewards score of 50.7 out of 100 is the second highest in the region, behind Brazil (48.9); however, a key positive will be Chile considerably outperforming under our Made or Received Digital Payment pillar, with a score of 47.3 out of 100 (the next closest is Brazil at 59.5 out of 100).

Chile's spending population score of 38.5 out of 100 suggests a moderate base of potential online shoppers, complemented by its Mass Affluent Class score of 46.2 out of 100. Overall, Chile’s attractive Country Rewards pillar score of 32.3 out of 100 (the LatAm region scores 45.6 out of 100 on average) is boosted by high levels of internet connectivity. A score of 3.4 out of 100 is explicitly stronger than the regional average of 57.1 out of 100. For e-commerce players, this will be a key driver of investment and innovation. The incentive for physical retailers to expand their online presence will be further aided by their ability to penetrate the digital market.

A Consistent Outperformer Across The Board
Chile - E-Commerce Maturity Risk/Reward Index (2025)



Note: Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Rewards Index

On the Risks side, Chile offers a favourable environment for e-commerce, with several metrics outperforming the regional average. Its Industry Risks score of 33.7 out of 100 indicates a supportive industry landscape, reflecting a stable and conducive environment for businesses. Despite a Country Risks score of 48.7 out of 100, Chile remains relatively stable compared with other LatAm markets. Positive factors include a Political Risk Index score of 34.6 out of 100 and an Operational Risk Index score of 42.3 out of 100, which suggest manageable political and operational challenges. This makes Chile more attractive for investment. Chile's Regulatory Environment score of 43.6 out of 100 and Investment Openness score of 37.2 out of 100 further highlight a supportive framework for business operations, surpassing regional averages. While there is room for improvement in Retail Formalisation and Logistics Risks, scoring 14.1 out of 100 and 39.7 out of 100 respectively, these scores indicate a relatively mature market environment. Overall, Chile's strong regulatory and operational frameworks, coupled with its openness to investment, position it as an attractive destination for e-commerce ventures in the region.

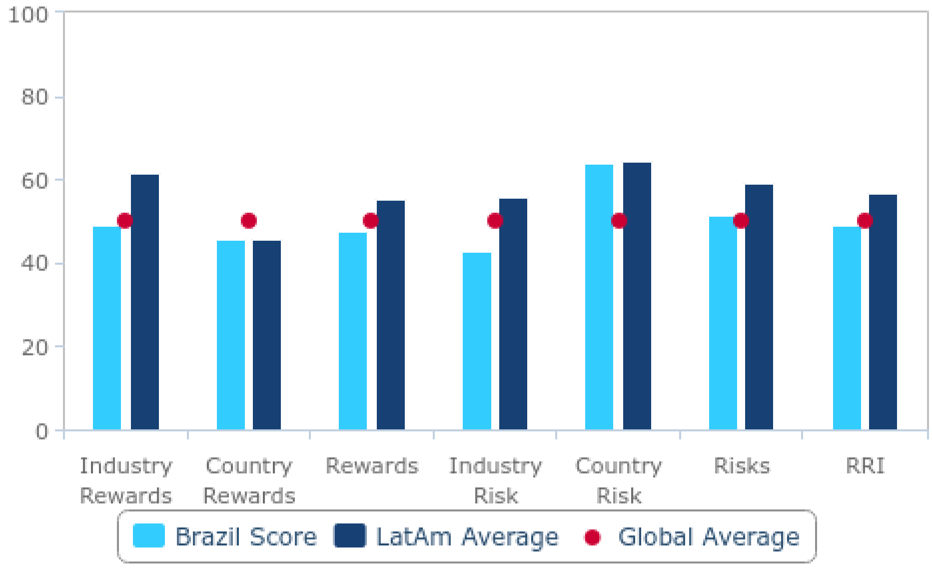
Brazil A Complex But Lucrative E-Commerce Market

In 2025, Brazil remains a significant player in the LatAm e-commerce landscape, with an E-Commerce Maturity Index score of 49.1 out of 100, ranking second in the region and 38th globally. Brazil's vast consumer market is highlighted by a Total Consumer Goods Spending score of 12.2 out of 100, reflecting its economic scale and the potential for e-commerce spending growth. Despite various challenges, Brazil's large, urbanised population and relatively high Retail Formalisation score of 12.8 out of 100 present considerable opportunities for expansion.

Advancements in digital payments and connectivity have significantly supported Brazil's e-commerce sector since the Covid-19 pandemic. Systems such as Pix are enabling instant, cost-effective transactions. These trends position Brazil as a leader in digital payment adoption in LatAm, with even further scope to expand into a large consumer base. However, Brazil's Internet Connectivity score of 81.1 out of 100 indicates there is room for improvement. Enhancing digital infrastructure is crucial for driving e-commerce expansion, offering broader market access and improved customer experiences.

A More Attractive E-Commerce Market

Brazil - E-Commerce Maturity Risk/Reward Index (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Rewards Index

When evaluating risk scores, Brazil presents a mixed landscape compared with the LatAm average. The Industry Risks score of 42.9 out of 100 is more favourable than the regional average of 55.6, indicating a relatively stronger environment for industry operations. However, the Logistics Risk score of 61.5 and Political Risk Index score of 70.5 highlight significant challenges, exceeding regional averages. These factors suggest that while Brazil offers substantial market potential, businesses must navigate higher logistical and political hurdles than they might face in other LatAm markets. Projected e-commerce spending in Brazil is expected to reach USD65.7bn in 2025, accounting for around 12% of total consumer goods spending. This growth is expected to continue, with an average annual rate of 7.5% over the medium term (2025-2029). This will lead to spending reaching around USD86bn by 2029 and highlights the deepening entrenchment of e-commerce into the retail sector.

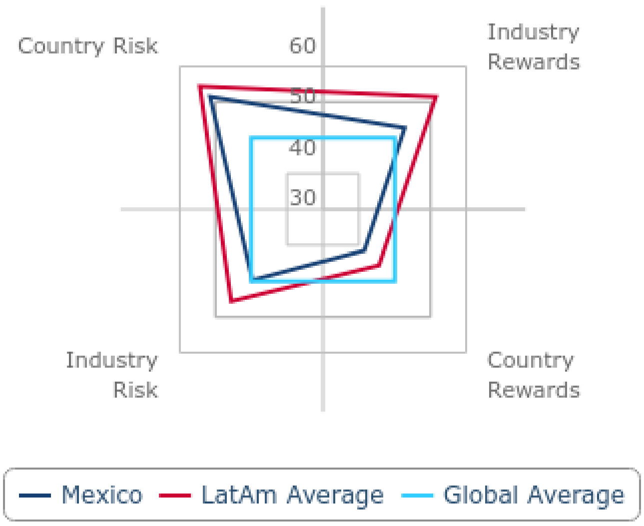
Mexico Has Scope For Deeper Entrenchment Of E-Commerce

Mexico demonstrates strong potential as a leading emerging market for e-commerce expansion in the region, with an overall E-commerce Maturity Index score of 50.7 out of 100. This ranks Mexico in third place in LatAm and 41st globally out of 75 markets. The market's performance surpasses the regional average in several key areas, underscoring its attractiveness for e-commerce development. Mexico's Country Rewards score of 41.5 out of 100 reflects its strengths, supported by an Urban Population score of 9.0 out of 100, with 82% of the population (or some 107mn people) residing in urban areas. Mexico's Spending Population score of 17.9 out of 100 is bolstered by a demographic where 31.1% of the population (40.5mn people) are aged between 20 and 39.

Challenges remain in the e-commerce landscape, primarily due to issues related to internet connectivity and digital payment use. Mexico's Internet Connectivity score of 83.8 out of 100 highlights a significant area for improvement compared with the regional average of 57.1 out of 100. While Mexico scores 83.8 out of 100 for the use of digital payments, this remains a challenge in fully leveraging e-commerce potential, as it is crucial for facilitating online transactions.

Mexico Outperforms The Region, Risks Weigh On Global Performance

Mexico - E-Commerce Maturity Risk/Reward Index (2025)



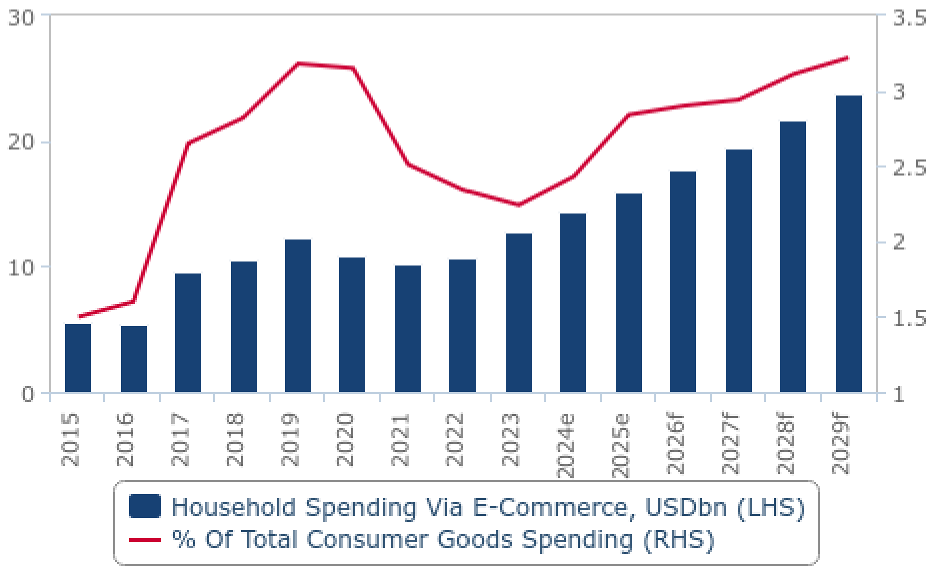
Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Rewards Index

In terms of Industry Risks, Mexico scores 49.7 out of 100, reflecting a favourable climate for investment, with an Investment Openness score of 50.0 out of 100. Retail Formalisation (29.5 out of 100) and Regulatory Environment (66.7 out of 100) are stronger than average for the wider LatAm markets. However, Political Risks (80.8 out of 100) and Operational Risks (66.7 out of 100) present challenges that companies must navigate. These scores indicate a consumer market that, while growing and formalising, still poses some risk factors. Nevertheless, the overall environment suggests ripe conditions for e-commerce expansion, as the market matures.

In 2025, household spending via e-commerce in Mexico is projected to reach USD16.0bn, marking a robust growth trajectory. This spending is expected to continue its upward trend, reaching USD23.7bn by 2029. Although the growth rate represents a stabilisation from the post-pandemic rise, it indicates a sustained expansion in the medium term. As a share of total consumer goods spending, e-commerce is expected to grow from 2.8% in 2025 to 3.2% in 2029, expanding from just 1.5% in 2015. This highlights significant opportunities to further drive e-commerce spending upwards and capitalise on the growing digital market.

E-Commerce Market Continues To Grow Rapidly

Mexico - Household Spending Via E-Commerce, USDbn (2015-2029)



e/f = BMI estimate/forecast. Source: Instituto Nacional de Estadística Geografía e Informática, national statistics, BMI

The following table displays our E-Commerce Maturity Risk/Reward Index for key markets in LatAm.

LatAm - E-Commerce Maturity Risk/Reward Index (2025)

	Industry Rewards	Country Rewards	Rewards	Industry Risks	Country Risks	Risks	RRI	Regional Rank	Global Rank
Chile	50.7	32.3	43.3	33.7	48.7	39.7	41.9	1	29
Brazil	48.9	45.6	47.6	42.9	64.1	51.4	49.1	2	38
Mexico	52.8	41.5	48.3	49.7	61.5	54.4	50.7	3	41
Colombia	55.8	45.7	51.8	48.6	71.3	57.7	54.1	4	49
Costa Rica	62.3	51.7	58.0	46.2	59.1	51.3	55.4	5	50
Peru	67.1	38.5	55.6	58.3	59.9	59	57	6	54
Dominican Republic	58.6	47.8	54.2	59.0	70.8	63.7	58.0	7	55
Guatemala	63.5	40.8	54.4	80.4	72.8	77.4	63.6	8	59
Uruguay	78.2	54.9	68.9	59.6	53.8	57.3	64.3	9	62
El Salvador	77.0	56.9	69.0	77.2	81.6	79.0	73.0	10	72
Regional Average	61.5	45.6	55.1	55.6	64.4	59.1	56.7	na	na
Global Average	50.0	50.0	50.0	50.0	50.0	50.0	50.0	na	na

Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. na = not applicable. Source: BMI E-Commerce Maturity Risk/Rewards Index

Europe

Western Europe E-Commerce Outlook

The e-commerce market in Western Europe is large and well positioned for strong growth, underpinned by advanced digital infrastructure, high levels of disposable income and efficient supply chain frameworks. The largest e-commerce market is the UK, followed by France and Germany. With high smartphone penetration across the region and tech savvy younger consumers, social commerce will be a key driver of spending, with social media sites such as TikTok, Instagram and YouTube leveraging extensive user bases to integrate shopping features. Price sensitive consumers will also drive purchases from low-cost online retailers, as consumers search for deals. Heightened focus on Europe by ultra-low-cost retailers such as Shein and Temu, in the face of a less attractive US consumer market, will bolster e-commerce spending.

E-Commerce Spending Outlook

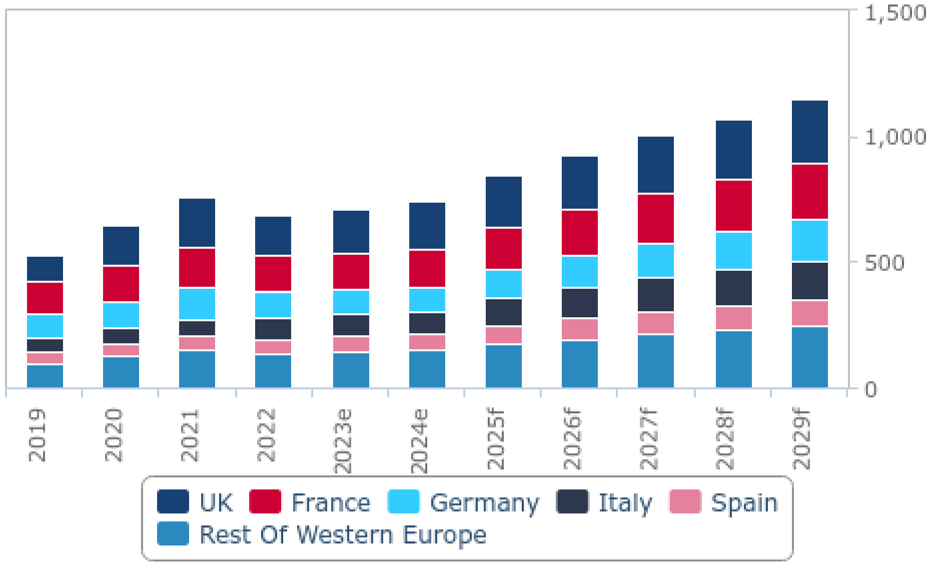
Total Spend

We hold a positive outlook for spending on consumer goods via e-commerce in Western Europe* over 2025, with spending forecast to reach USD848.9bn over the year, growing 14.9% on the USD738.6bn estimated in 2024. High levels of internet penetration and smartphone use across the region will facilitate spending, while efficient logistics and supply chain configurations across many markets enhance the convenience of online shopping. Amazon and eBay are the dominant e-commerce players in Europe, offering wide choice often at low prices, alongside ultra-low-cost retailers such as Temu and Shein, which play a significant role in consumer markets such as the UK, Germany and France. By 2029, household spending via e-commerce platforms will reach USD1.1trn, growing by an annual average of 9.2%.

The largest e-commerce market in Europe is the UK, with spending set to reach USD207.2bn over 2025, growing by a strong 10.0% from the USD188.2bn estimated for 2024. Over the medium term (2025-2029), e-commerce spending across the market will grow by an annual average of 6.0%, reaching USD252.2bn by 2029. Social commerce is a significant driver of e-commerce spending in the UK, with a number of brands leveraging social media sites such as Tiktok and Instagram for personalised marketing. The UK is followed by France, with spending set to reach USD169.7bn in 2025, growing by a strong 13.0% from the USD150.2bn estimated over 2024. Price sensitive consumers will drive spending, with social commerce and influencer marketing also a key driver in this market.

E-Commerce Market Large And Growing

Western Europe - Household Spending Via E-Commerce, USDbn (2019-2029)



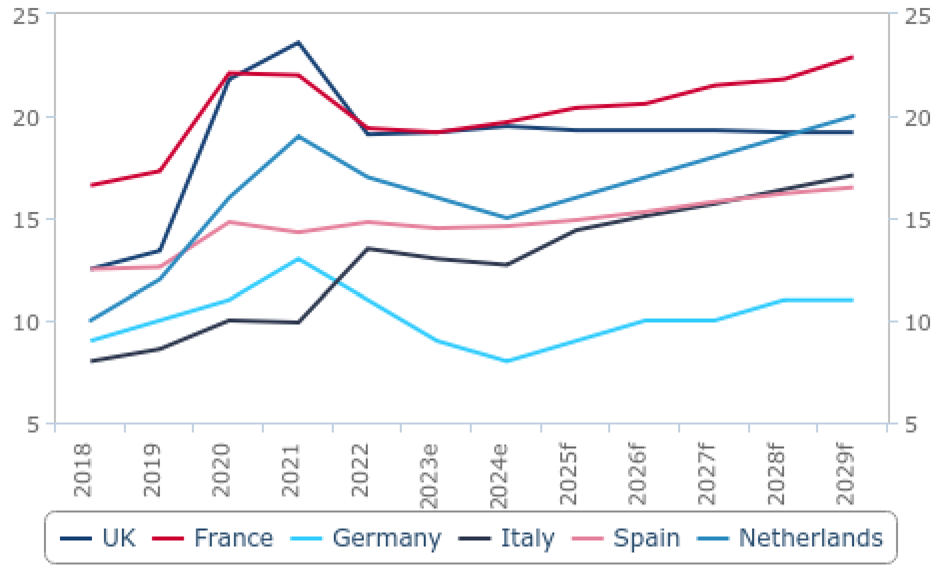
e/f = BMI estimate/forecast. Source: National statistics, BMI

Proportional Spend

In terms of the proportional spend of consumer goods spending made via -e-commerce platforms, Western Europe markets are among the highest in the world. In the largest e-commerce markets in the region (ie, the UK, France, Germany, Italy, the Netherlands and Spain), between 9% and 21% of consumer goods spending is made via e-commerce. France has the highest e-commerce penetration rate, at 20.4% of total spending in 2025 (in local currency terms), outperformed only by South Korea and Mainland China on a global scale. E-commerce penetration across Western Europe is set to grow, as digital adoption accelerates, fuelled by investment in digital solutions. Omnichannel models will become the norm, with businesses increasingly required to enhance their digital presence to retain consumer demand. By 2029, we expect proportional spending in France to reach 22.9%. In Italy, e-commerce spending will grow from 14.4% of consumer goods spending in 2025 to 17.1% by 2029.

Proportional Spend High And Rising

Largest E-Commerce Markets In Western Europe - E-Commerce Spending Share Of Total Consumer Goods Spending, %, LCU (2018-2029)



e/f = BMI estimate/forecast. Source: National statistics, BMI

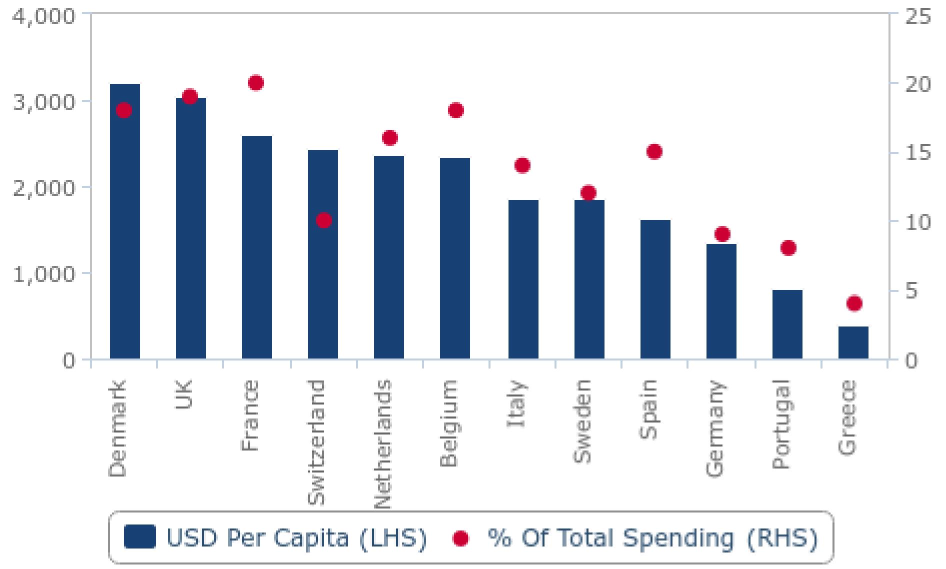
Per Capita Spend

While Denmark is a small market (population of 6.0mn in 2025), high disposable incomes (76.5% of households will fall into the USD50,000-plus income bracket in 2025) and high levels of digitisation drive the market's position as the leader in per capita consumer goods spending via e-commerce in the region, projected at USD3,199 in 2025. Advanced digital infrastructure facilitates high levels of spending, making online shopping accessible and convenient for almost everyone. This results in a proportional figure of 18% of total consumer goods spending in 2025.

The UK comes second, with e-commerce spending per capita at a high USD3,038, driven by high income levels, urbanisation and efficient logistics. While Germany boasts one of the highest e-commerce spending figures in total terms (USD113bn in 2025), the market falls behind on per capita and proportional spend due partly to data privacy concerns among consumers. However, we expect e-commerce spending in the market to accelerate over the medium term, driven by price sensitive consumers and a heightened focus on Europe by Mainland China-based retailers. Overall, Western European markets have high per capita spending levels on e-commerce goods, driven by high incomes and efficient supply chains, offering opportunities for e-commerce investors and retailers to tap into the market.

Denmark Leads In Per Capita Spend

Select Western Europe Markets - Spending On Consumer Goods Via E-Commerce Per Capita, USD (LHS) Vs Proportional Spending (RHS) (2025)



Note: BMI forecast. Source: National statistics, BMI

Region's Demographics Will Shape E-Commerce's Evolution

Considering the recent uptake in e-commerce globally, different generations exhibit distinct preferences. Gen Alpha (those aged 0-15 years old in 2025) are digital natives drawn to immersive experiences and artificial intelligence-driven shopping. Gen Z (aged 16-28 years old) prioritise mobile commerce, authenticity and personalised interactions. Millennials (29-44 years old) research thoroughly, embrace omnichannel approaches and willingly pay for convenience and values alignment. Gen X (45-65 years old) value practicality, reliability and detailed information while maintaining platform loyalty. Baby Boomers (65 and older) are increasingly comfortable online and prefer simplified desktop interfaces with clear security measures and return policies from established brands.

Generational E-commerce Usage Patterns

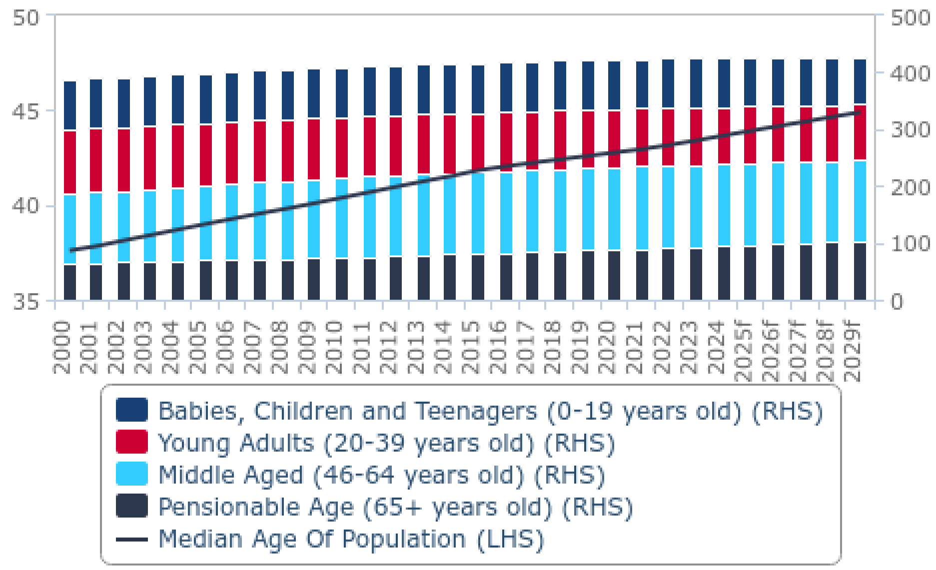
	E-commerce Usage Characteristics
Gen Alpha 0-15 years	• Native digital shoppers who expect highly interactive and immersive shopping experiences • Heavily influenced by social media content and virtual experiences for purchasing decisions • Comfortable with voice shopping, AI recommendations, and emerging technologies
Gen Z 16-28 years	• Mobile-first shoppers who prefer shopping apps and social commerce platforms • Value authenticity, sustainability, and ethical practices when choosing brands • Expect personalized experiences and engage with brands through multiple digital touchpoints
Gen Y (Millennials) 29-44 years	• Conduct extensive research online before making purchases, reading reviews and comparisons • Embrace omnichannel shopping experiences that blend online and offline touchpoints • Willing to pay premium prices for convenience, quality, and brands that align with their values
Gen X 45–65 years	• Practical online shoppers who value efficiency, reliability, and good deals • More likely to be loyal to established e-commerce platforms with proven reliability • Appreciate detailed product information and customer service accessibility
Baby Boomers and The Silent Generation 65+ years	• Increasingly comfortable with e-commerce but may prefer simplified interfaces • More likely to shop from desktop computers than mobile devices • Value security, established brands, and clear return policies when shopping online

Source: BMI

The population in Western Europe is ageing. This will have implications for e-commerce retailers. In 2000, 16.3% of the population were of pensionable age. This is projected to rise to 22.4% in 2025 and to a further 24.2% by 2029. The proportion of middle-aged adults will rise from 31.5% in 2000 to 33.3% by 2029. Conversely, the proportion of babies, children and teens as well as young adults will gradually decline over the forecast period. As a result, the median age of the population in Western Europe will rise from 37.6 years old in 2000 to a projected 44.9 years old by 2029. This has implications for e-commerce retailers, as those who are middle aged and of pensionable age value reliability, simplicity and clarity more than their younger counterparts. The result is that user-friendly, accessible website designs will capture this consumer base. Convenience is another key benefit of e-commerce for the older population, with home delivery being an attractive option for those who are less mobile.

Western Europe still has a large population of teenagers and young adults (22.8mn and 100.3mn in 2025, respectively) who are digitally savvy and heavily influenced by social media content and trends. These consumers often value sustainable and ethical practice alongside immersive experiences. As a result, e-commerce retailers in Western Europe will need to strike a balance, catering to both the growing older demographic and the substantial cohort of younger, tech-savvy consumers. This means investing in inclusive, accessible website features and robust customer support for older shoppers while also embracing dynamic social media marketing, mobile-first design and innovative shopping experiences for younger audiences.

Population Ageing
Western Europe - Population, mn (2000-2029)



f = BMI forecast. Source: National statistics, BMI

E-Commerce Retailers Will Pivot To Europe, But Regulation Is Likely To Tighten

Europe will become an increasingly attractive market for low-cost consumer goods exports, as tariffs enacted by the US will dampen US consumer demand for imports from key markets such as Mainland China. Shein, AliExpress and Temu's aggressive expansion into Europe is set to accelerate over the medium term, as the retailers benefit from strong demand and efficient supply chain configurations. Temu and Shein have boosted advertising spend across the UK, Germany, Italy and Spain since the announcement of the *de minimis* loop cut by the US. Temu has been developing its Europe expansion plan since the announcement on December 2024 that it will begin using local warehouses in Europe, with the aim of reducing delivery time and thus increasing its competitiveness.

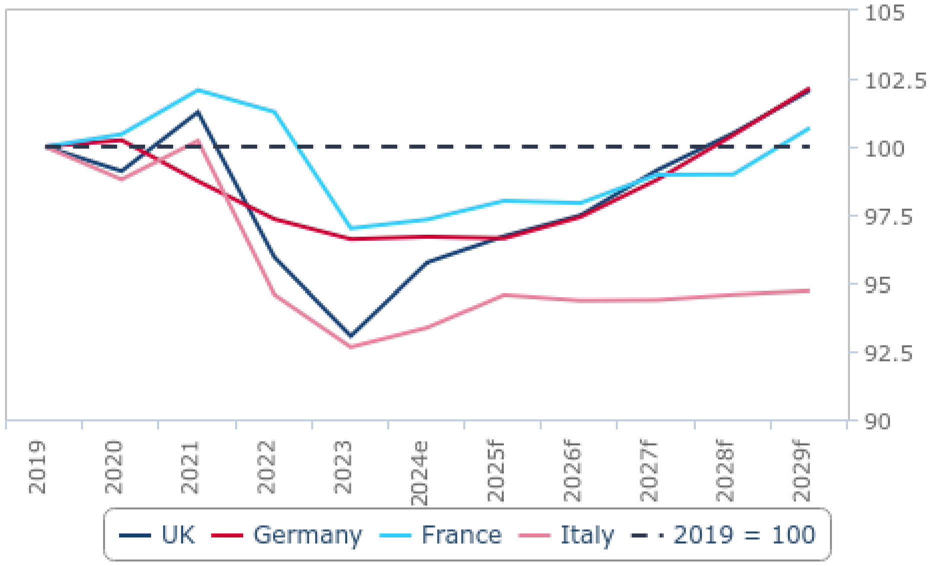
Low-cost retailers will face a regulatory crackdown over the next five years, as European governments aim to limit the dumping of low-cost goods. Following the announcement of stricter customs controls on imports by the EU in February 2025, the body proposed a EUR2.0 fee on small parcels valued under EUR150 sent directly to households across Europe. While this tax is unlikely to significantly hit demand, it increasingly creates a legal framework from which to build in higher rates. Thus, European lawmakers will be able to react relatively more quickly by raising the package fee. The UK government is also considering ending its Low Value Import scheme, which allows goods valued under GBP135 to enter the market tariff-free. Higher taxes and stricter regulation will impede the expansion of e-commerce giants in Europe; however, we expect regulation to be slow to take hold.

Value-Focused E-Commerce Platforms Will Capture Price-Sensitive Consumers

Across the four largest e-commerce spending markets in Europe (ie, UK, France, Germany and Italy), the recovery in real purchasing power is set to extend to at least 2027, as households were severely impacted by the inflationary shock period of 2022 and 2023. Prices across Europe are high, particularly in essential spending segments such as food and drink and housing and utilities, and real wages will grow incrementally in some markets. The result is that many households will be price-sensitive over the medium term, prioritising value-conscious purchasing. Within this environment, we expect low-cost e-commerce retailers to do well, as consumers search for discounts. This is particularly true of the clothing and footwear market, where ultra-fast fashion giants such as Shein have capitalised on price-sensitive consumers. As budgets remain tight, we expect e-commerce spending to strengthen, bolstered by the heightened focus of ultra-low-cost retailers on the region.

Western European Markets Struggling To Recover Purchasing Power

Largest Western Europe E-Commerce Markets - Real Consumer Purchasing Power Index, 2019 = 100 (2019-2029)



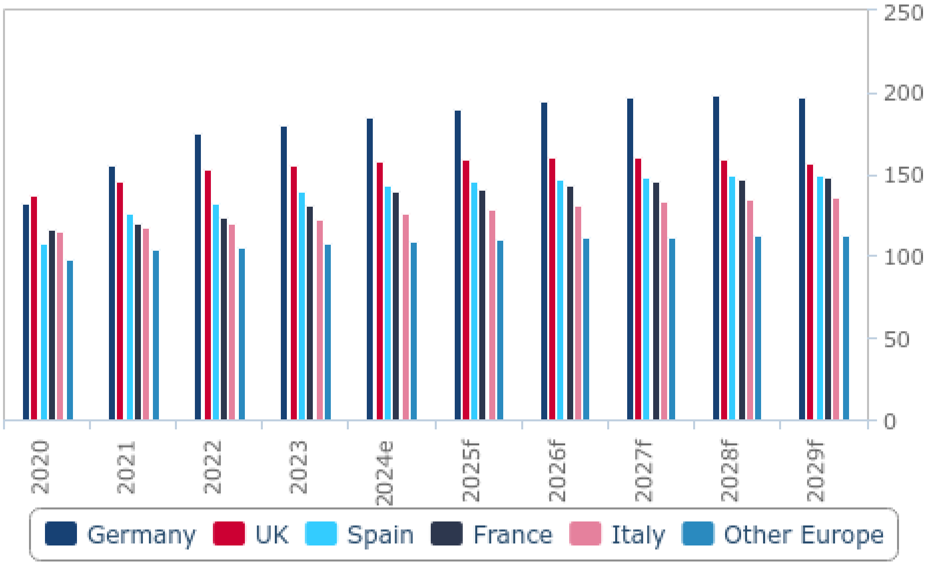
e/f = BMI estimate/forecast. Source: National sources, BMI

High Smartphone Penetration Will Facilitate Mobile Commerce

Western Europe is highly connected, and digitalisation is set to expand over the next five years. In 2025, our Telecommunications team forecast that there will be 126.1 smartphones for every 100 people in the population in Europe. This will rise to 129.5 by 2029. As a percentage of the total mobile base, smartphones account for 91.3% in 2025. This is projected to rise to 92.1% by 2029. Europe is already very well served in terms of smartphone penetration; hence, the foundations of e-commerce are there. If there are any further developments in e-commerce, European consumers will be ready for adoption infrastructure-wise. The convenience, accessibility and enhanced user experience offered by mobile commerce will drive its growth, supported by innovations in app development, mobile payment solutions and personalised marketing strategies. Social media sites such as TikTok, Instagram and YouTube are leveraging extensive user bases to integrate shopping features, influencing purchasing decisions through viral content, targeting Gen Z consumers, in particular. TikTok Shop has recently stepped up its Europe expansion and is now available in Germany, Italy and France alongside Spain and the UK. We expect mobile commerce to expand over the next five years, driving e-commerce spending.

Europe Highly Connected

Europe - Smartphones, % of population (2020-2029)



e/f = BMI estimate/forecast. Source: Industry sources, BMI

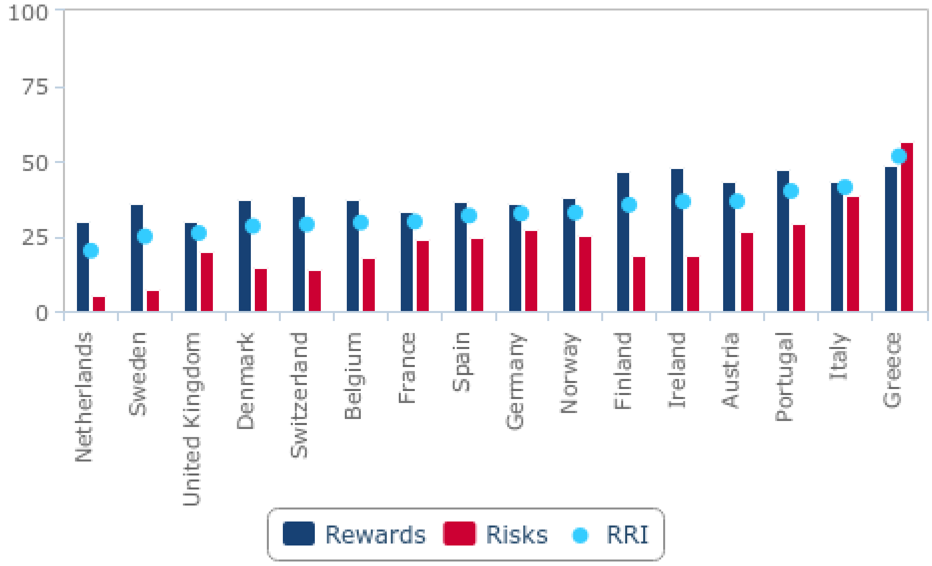
**The markets in Western Europe that we provide data for are the UK, France, Sweden, the Netherlands, Germany, Spain, Italy, Belgium, Portugal, Switzerland, Greece, Austria, Denmark, Norway and Finland.*

Western Europe E-Commerce Maturity Risk/Reward Index

Western Europe presents attractive opportunities for e-commerce retailers, ranking third out of 11 sub-regions in our 2025 E-Commerce Maturity Risk/Rewards Index (RRI). High levels of household disposable income, on average, and a digitally advanced consumer market facilitate strong e-commerce spending levels. Western Europe offers particularly low risk, with robust regulatory frameworks and low logistic risk enhancing trust and reducing supply chain distributions.

Sub-Region Boasts Mature E-Commerce Markets

Western Europe - E-Commerce Maturity Risk/Reward Index (2025)



Note: Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

Main Regional Features And Latest Updates

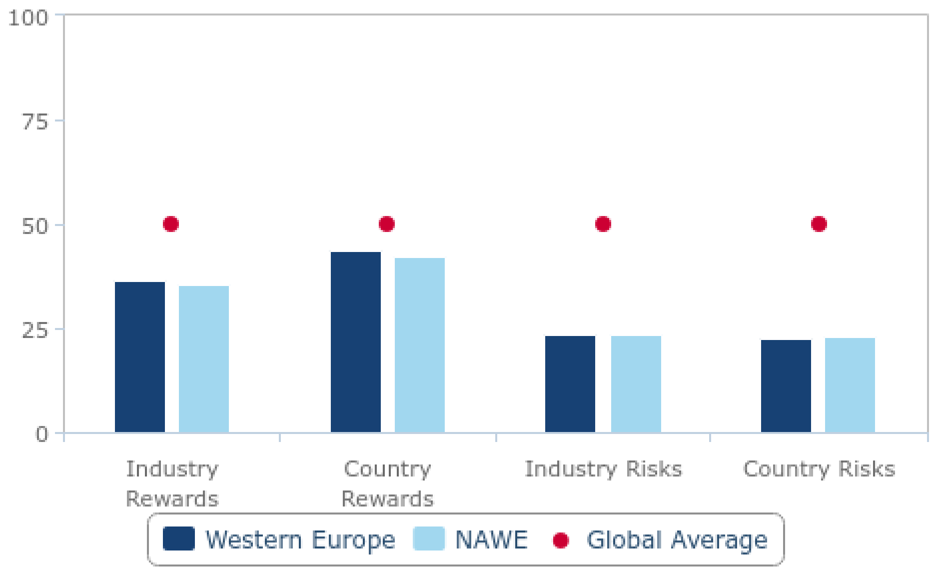
- Western Europe ranks third out of 11 sub-regions in our 2025 E-Commerce Maturity RRI, with markets in the region scoring an average RRI of 32.9 out of 100. Markets across Western Europe offer an attractive combination of large, affluent populations with high levels of consumer spending per capita, as well as stable economic and political environments. Robust regulatory frameworks and low logistic risk further enhance trust and reduce supply chain disruptions.
- The Netherlands ranks first globally in our E-Commerce Maturity RRI, scoring 20.1 out of 100. The market excels in its low Risk score of 5.6 out of 100, compared with the Western Europe average of 23.1 out of 100. This is underpinned by a robust legal framework, transparent regulatory system and strong infrastructure.
- Sweden ranks second in the sub-region in our E-Commerce Maturity RRI, scoring 24.9 out of 100. Similar to the Netherlands, Sweden offers a very low-risk environment, with strong legal protections and low corruption facilitating trust. Advanced digital infrastructure, aided by substantial government investment, further facilitates the uptake of digital services and innovations.
- The UK places third in Western Europe, with an RRI score of 26.0 out of 100. The market boasts the largest e-commerce market regionally, with spending on consumer goods via e-commerce projected to reach GBP787.6bn (USD207.2bn) in 2025, making up 19.3% of total consumer goods spending.

E-Commerce Maturity Risk/Reward Index

Western Europe is one of the outperforming sub-regions in our 2025 E-Commerce Maturity RRI, ranking third out of 11 sub-regions, with markets in the region scoring an average overall RRI score of 32.9 out of 100. Western Europe is outperformed only slightly by Developed Asia, scoring 31.8 out of 100, with North America taking the lead, at 26.9 out of 100. Markets across Western Europe offer an attractive combination of large, affluent populations with high levels of consumer spending per capita, as well as stable economic and political environments (scoring an average of 22.4 out of 100 in our Country Risk pillar, thus outperforming the global average of 50.0 out of 100). Robust regulatory frameworks and low logistic risk enhance trust and reduce supply chain disruptions. The region scores 23.6 out of 100 in our Industry Risk pillar, outperforming the global average of 50.0 out of 100. Advanced digital infrastructure further facilitates expansion. Combined, this makes Western Europe an ideal target market for e-commerce growth.

Western Europe Offers A Low-Risk Environment With Good Rewards

Western Europe - E-Commerce Maturity Risk/Reward Index (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

Rewards Profile (39.4 out of 100; low-to-moderate risk)

Markets across Western Europe score well in our Industry Rewards (an average of 36.5 out of 100 for this pillar). This score is driven by a digitally advanced consumer market, where most consumers have made or received a digital payment. High smartphone penetration facilitates social commerce, where e-commerce retailers leverage social media sites to grow sales - this has proved an increasingly effective driver of spending. Per capita spending on consumer goods is also high, which means that the potential size of the e-commerce market in the region is large. Regarding Country Rewards (44.4 out of 100), a relatively small spending population (ie, those aged 20-49 years old) and urban population compared with other regions will weigh on e-commerce growth potential. However, an attractive Mass Affluent Class will drive value spending growth across the region.

Risks Profile (23.1 out of 100; low risk)

Western Europe distinguishes itself with its notably low risk profile, achieving scores of 23.6 out of 100 in our Industry Risk pillar and 22.4 out of 100 in our Country Risk pillar, thereby substantially outperforming the global average of 50.0 out of 100 in both pillars.

The region scores below 20 out of 100 across key risk indicators such as Logistics, Political and Operational Risk, which underscores its advanced infrastructure and highly efficient distribution networks. For e-commerce retailers, this translates to minimal supply chain disruptions and reliable order fulfilment. Western Europe also excels in regulatory transparency and investment freedom, offering a stable environment for business operations. Robust laws safeguard consumer rights, ensuring fair treatment and facilitating trust among consumers. These advantages create a transparent, efficient and secure commercial landscape, making the region exceptionally attractive for e-commerce growth and long-term stability.

Western Europe - E-Commerce Maturity Risk/Reward Index (2025)

	Industry Rewards	Country Rewards	Rewards	Industry Risks	Country Risks	Risks	RRI
Western Europe	36.5	43.7	39.4	23.6	22.4	23.1	32.9
North America & Western Europe	35.4	42.2	38.1	23.7	22.9	23.4	32.2
Global Average	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Western Europe Rank (out of 11 sub-regions)	2	4	3	2	2	2	3

Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

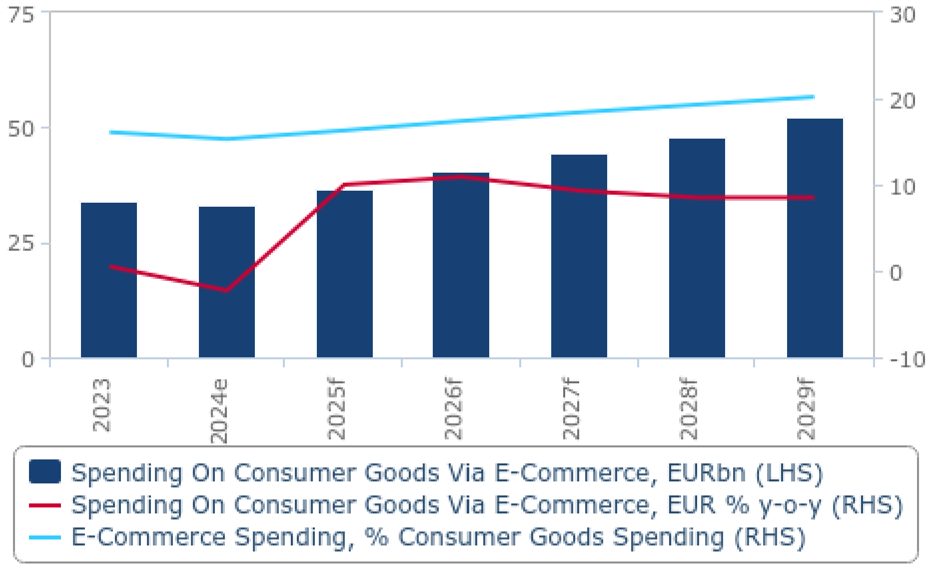
The Netherlands Ranks First Globally

The Netherlands is the top scoring market globally in our E-Commerce Maturity RRI for 2025, with an overall RRI score of 20.1 out of 100, compared with the Western Europe average of 32.9 out of 100 and the global average of 50.0 out of 100. Over 2025, households in the Netherlands will spend a total of EUR36.6bn (USD42.1bn) via the e-commerce channel, accounting for 16.3% of total consumer goods spending over the year. This represents strong growth of 10.0% y-o-y on the EUR33.3bn (USD36.0bn) estimated spending on consumer goods via e-commerce in 2024. Growth momentum will be maintained over the medium term (2025-2029), with spending projected to grow by an annual average of 9.4%, reaching EUR52.2bn (USD62.6bn) by 2029 and making up a greater 20.2% of consumer goods spending.

The Netherlands scores an attractive 29.8 out of 100 in our Rewards pillar, outperforming the sub-regional average score of 39.4 out of 100. High per capita consumer spending in the Netherlands due to a mass affluent class, drive the market's favourable score. In 2025, the average Dutch household will have a disposable income of EUR62,700 (USD72,102). The Netherland's is also highly connected, scoring 3.4 out of 100 in our Internet Connectivity indicator. This substantially outperforms the Western Europe average score of 40.5 out of 100. Advanced digital infrastructure and broadband penetration means that most consumers have made or received a digital payment. The e-commerce market is already very mature, with high levels of digital engagement and high propensity to spend on goods online. However, the relatively small urban and spending-age population limit volume growth potential, constraining the expansion of the e-commerce sector despite the market's favourable business climate and high disposable incomes.

Strong Spending Growth Via E-Commerce Platforms Projected

The Netherlands - Household Spending On Consumer Goods Via E-Commerce, EURbn (2023-2029)

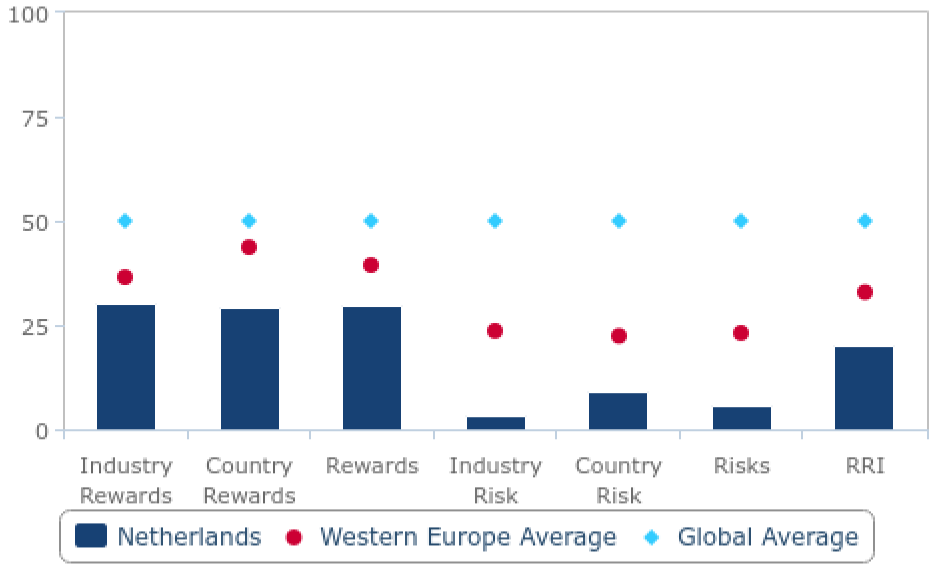


e/f = BMI estimate/forecast. Source: Centraal Bureau voor de Statistiek, BMI

The area in which the Netherlands excels is its low-risk environment, scoring just 5.6 out of 100 in our Risks pillar and ranking first globally. The Netherlands offers a stable and attractive environment for industry, underpinned by a robust legal framework, transparent regulatory system and strong infrastructure. This is reflected in an Industry Risks score of just 3.2 out of 100, compared with the Western Europe average of 23.6 out of 100. Clear, accessible regulations and straightforward registration processes make it easier and faster for e-commerce retailers to establish operations. The Netherlands' strong logistics network and digital infrastructure further allow e-commerce retailers to offer fast, reliable deliveries domestically and across the EU. The market also scores an attractive 9.3 out of 100 in our Country Risks pillar, compared with the Western Europe average of 22.4 out of 100. This is driven by a low Operational, Economic and Political Risk environment.

The Netherlands Stands Out With Exceptional Risk Profile

The Netherlands - E-Commerce Maturity Risk/Reward Index (2025)



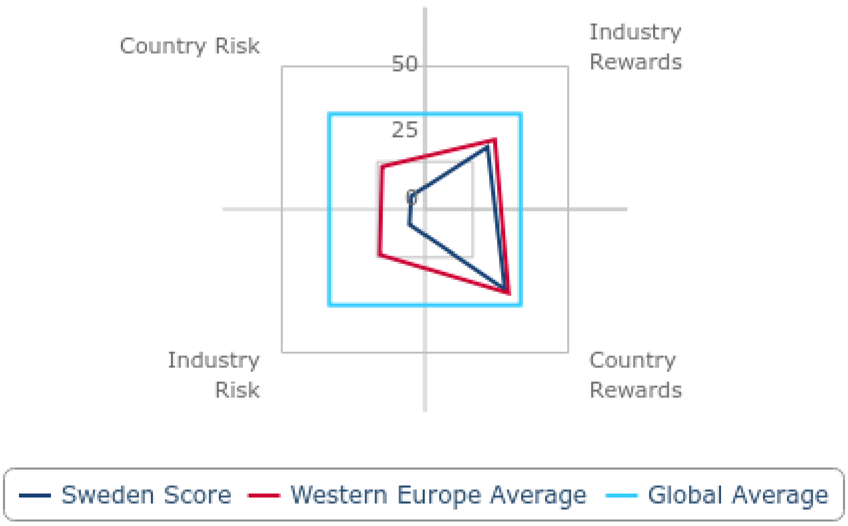
Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

Sweden Ranks Second In The Sub-Region And Fourth Globally

Sweden scores 24.9 out of 100 in our 2025 E-Commerce Maturity RRI, ranking second in Western Europe and fourth globally. The market offers a good mix of Risks and Rewards; however, similar to the Netherlands, it stands out in its Risk profile, scoring just 7.6 out of 100 on our Risks pillar. It scores a favourable 36.3 out of 100 in our Rewards pillar, driven by high consumer goods spending per capita and high levels of digitisation. Sweden boasts widespread high-speed internet access, including extensive fibre-optic networks and strong mobile connectivity, even in rural areas. This advanced digital infrastructure, aided by substantial government investment, facilitates the uptake of digital services and innovations, driving consumer spending via e-commerce platforms. In 2025, we project household spending on consumer goods via e-commerce in Sweden to total SEK196.1bn (USD19.9bn), growing 18.0% y-o-y in local currency terms. Similar to the Netherlands, e-commerce spending expansion will be limited by a relatively small spending population.

Sweden Offers Good Mix Of Risk And Rewards

Sweden - E-Commerce Maturity Risk/Reward Index (2025)



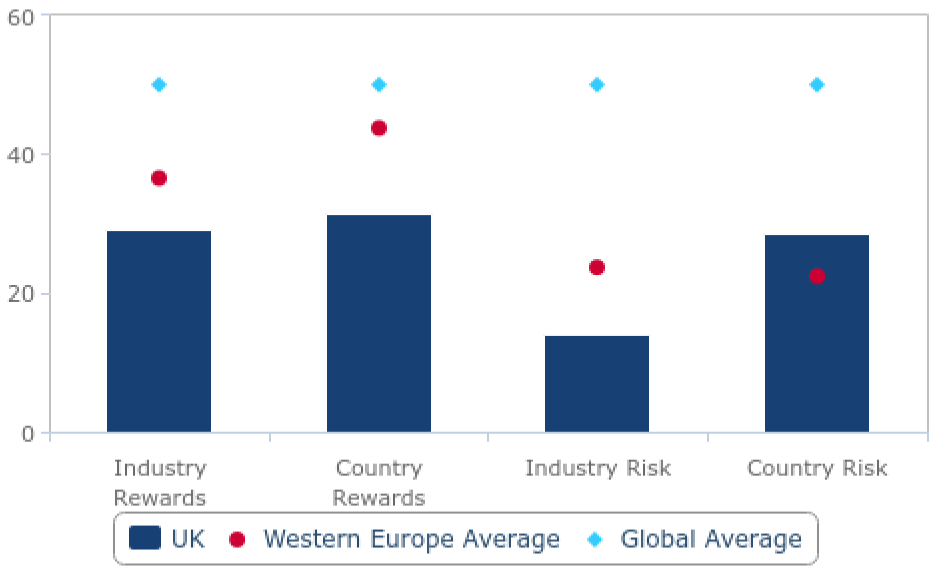
Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

Sweden's favourable risk environment is driven by low Country (7.1 out of 100, compared with the sub-region's average of 22.4 out of 100) and Industry (8.0 out of 100, compared with the sub-region's average of 23.6 out of 100) Risks. Reliable physical, digital and logistical infrastructure supports efficient commerce and reduces operational risks. Stable institutions and a robust regulatory environment reduce uncertainties, making it easier for e-commerce retailers to plan investments and operations. Strong legal protections and low corruption further ensure that contracts are enforced and payment systems are reliable, which is crucial for both retailers and consumers.

The UK Boasts The Largest E-Commerce Market In Europe

The UK scores 26.0 out of 100 in our 2025 E-Commerce Maturity RRI, ranking third in Western Europe and fifth globally due to a strong rewards profile and relatively low risk. The UK boasts the largest e-commerce market in Europe, with spending on consumer goods via e-commerce projected to reach GBP787.6bn (USD207.2bn) in 2025, making up 19.3% of total consumer goods spending. An urban population with high disposable incomes on average fosters spending, with 48.2% of households projected to fall into the USD50,000-plus disposable income bracket in 2025. UK consumers have a high propensity to spend on consumer goods online, and social commerce (the buying and selling of products directly through social media platforms) has become an increasingly important part of the UK's retail landscape. This is evidenced by the UK's position as TikTok shop's largest European market.

UK Outperforms Sub-Region Average Across All Pillars Aside From Country Risk
UK - E-Commerce Maturity Index (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

Alongside attractive Rewards scores, the UK offers relatively low levels of risk, scoring 19.9 out of 100 in our Risks pillar (outperforming the Western Europe average of 23.1 out of 100). The UK boasts efficient and reliable logistics, providing consumers with fast and convenient shipping options. This strength is further enhanced by the widespread adoption of advanced technology across the sector. GPS-enabled fleet management and real-time tracking systems improve transparency by allowing both logistics companies and customers to monitor shipments at every stage. Automation in UK warehouses also streamlines order fulfilment and reduces errors, making supply chains even more efficient. The UK offers a high level of investment openness, making it an attractive market for retailers to enter.

The following table displays our E-Commerce Maturity RRI for the Western Europe region.

Western Europe - E-Commerce Maturity Risk/Reward Index (2025)

Market	Industry Rewards	Country Rewards	Rewards	Industry Risks	Country Risks	Risks	RRI	Regional Rank	Global Rank
Netherlands	30.1	29.4	29.8	3.2	9.3	5.6	20.1	1	1
Sweden	32.7	41.8	36.3	8.0	7.1	7.6	24.9	2	4
UK	29.1	31.5	30.1	14.1	28.5	19.9	26.0	3	5
Denmark	32.8	44.2	37.4	19.6	7.4	14.7	28.3	4	6
Switzerland	34.3	45.4	38.7	15.7	11.9	14.2	28.9	5	7
Belgium	42.1	30.4	37.4	6.7	34.3	17.8	29.5	6	10
France	36.6	28.8	33.5	22.3	27.2	24.3	29.8	7	13
Spain	37.8	34.6	36.5	21.8	29.2	24.7	31.8	8	15
Germany	28.2	47.9	36.1	34.3	16.7	27.2	32.5	9	16
Norway	32.7	45.3	37.8	38.1	6.3	25.4	32.8	10	18
Finland	48.1	44.6	46.7	16.0	22.1	18.5	35.4	11	19
Ireland	39.2	61.5	48.1	25.3	9.6	19.0	36.5	12	22
Austria	34.1	56.6	43.1	28.8	24.0	26.9	36.6	13	23
Portugal	46.5	48.5	47.3	28.5	30.1	29.2	40.0	14	27
Italy	37.0	52.1	43.1	36.2	42.0	38.5	41.3	15	28
Greece	42.8	56.9	48.4	59.0	52.6	56.4	51.6	16	44
Western Europe Average	36.5	43.7	39.4	23.6	22.4	23.1	32.9	na	na
Global Average	50.0	50.0	50.0	50.0	50.0	50.0	50.0	na	na

Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

Central And Eastern Europe E-Commerce Outlook

E-commerce across Central and Eastern Europe (CEE) is still niche, experiencing strong growth, with Poland and Romania emerging as the dominant regional markets. While e-commerce penetration varies significantly across the region, Poland and Romania's digital retail landscapes have matured, especially when compared with more developed Western European markets. The region faces a demographic challenge, with more than half the population over 40 years old, requiring retailers to balance simplified interfaces for older consumers with more immersive experiences tailored for younger generations. Despite this ageing demographic profile, increasing smartphone adoption and the rapid shift towards advanced mobile networks are accelerating e-commerce growth. The CEE consumer remains particularly price-sensitive - creating opportunities for value-focused platforms - while simultaneously showing increased willingness to pay for convenience as purchasing power improves.

E-Commerce Spending Outlook

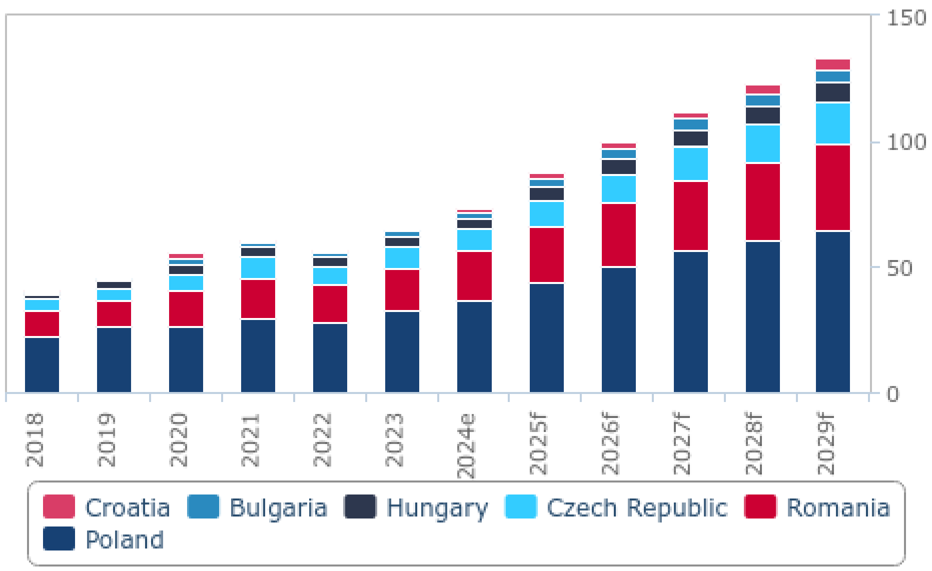
Total Spend

Households across the CEE* region will spend a total of USD87.4bn on consumer goods through the e-commerce channel over 2025, growing robustly by 19.2% y-o-y. While US dollar weakness will support this nominal growth, the sector remains on a strong growth trajectory, as more consumers across the region increasingly shift their spending online. Spending growth via these channels will slow out slightly to 2029, as the sector matures. Over the next five years, we forecast consumer spending via e-commerce channels across the region to grow by an annual average of 12.7%, reaching USD133.1bn by 2029.

By total spend, Poland is the largest market in the region, with consumer spending via e-commerce channels totalling USD43.7bn over 2025. The market will see elevated growth over the next five years, at an average of 12.2% a year, to reach USD64.2bn in spending by 2029. The second largest market in terms of e-commerce spending is Romania, at USD25.3bn over 2025. Outside of these two markets, e-commerce spending levels are relatively low, with the third biggest market, the Czech Republic, spending almost half that seen in Romania via e-commerce (USD10.7bn) over the same year.

Poland Spends Most Via E-Commerce

CEE - Household Goods Spending Via E-Commerce, USDbn (2018-2029)



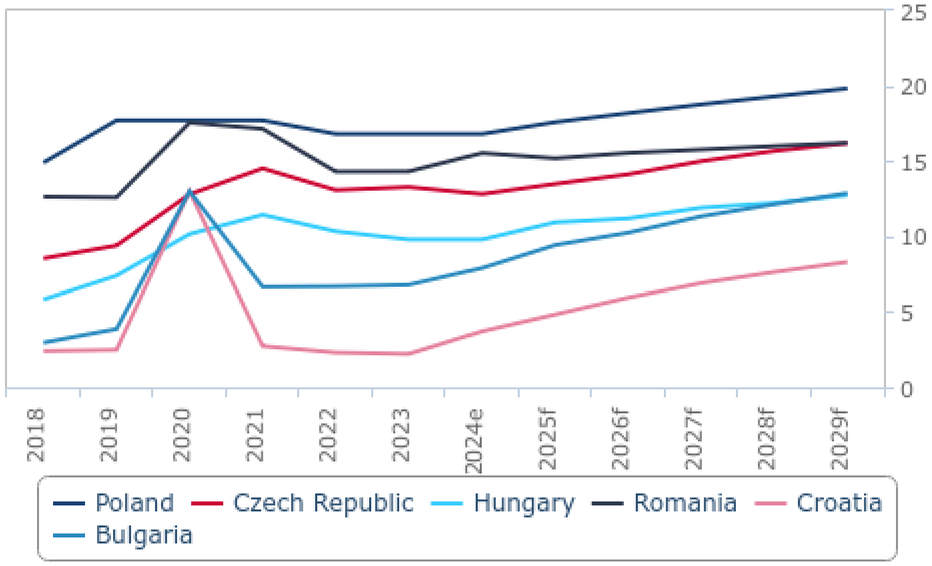
e/f = BMI estimate/forecast. Source: National statistics, BMI

Proportional Spend

Breaking down these total figures, between 5% and 20% of consumer goods spending across the region will go through e-commerce channels in 2025. This variation in range is mainly attributed to the difference in market sizes across the region, as well as development rates in terms of e-commerce adoption, with some markets (eg, Poland and Romania) being ahead of the trend. The e-commerce spending range has grown steadily from the almost 2-15% range seen before the Covid-19 pandemic (2019); however, markets such as Poland have seen growth to similar levels as other large markets in Europe. For example, Poland's proportional spend on e-commerce is 17.6%, surpassing the proportional spend of Germany (13%) and nearing that of the Netherlands (21.2%). It is also only moderately surpassed by France (28.4%) in 2025. This points to the market's strong development. By 2029, we forecast Poland's proportional spend via e-commerce to reach 19.8% of spending.

E-Commerce Makes Up Substantial Portion Of Consumer Spending

CEE - E-Commerce Spending, % of total consumer goods spending (2018-2029)



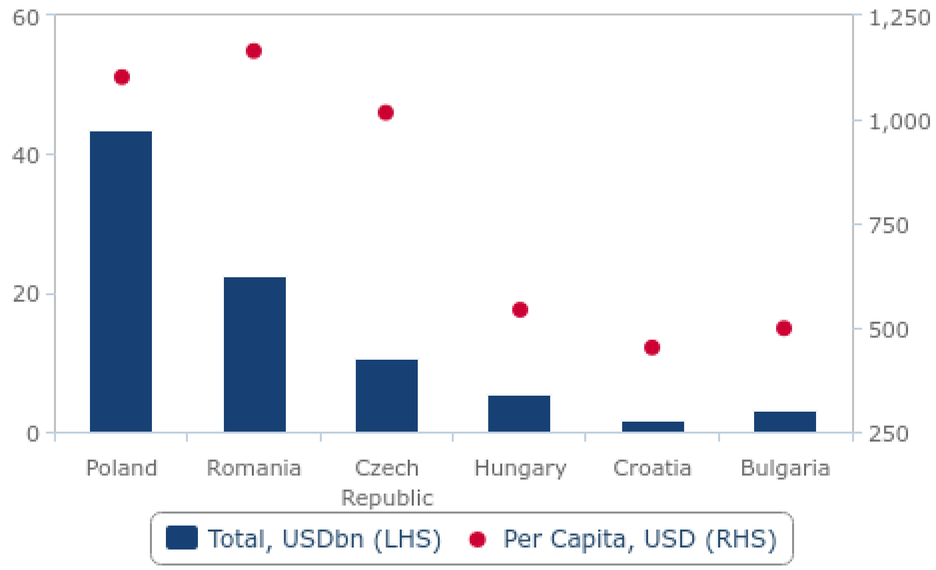
e/f = BMI estimate/forecast. Source: National statistics, BMI

Per Capita Spend

While Poland outperforms in the region in terms of e-commerce spending, making it the largest e-commerce market in CEE, Romania has the highest per capita spend at USD1,165 per capita, compared with Poland's USD1,102 per capita spend. This reflects the higher purchasing power Romanian consumers are experiencing, which is almost 30% higher than 2019 levels, as opposed to Poland, where purchasing power has not yet recovered to pre-pandemic norms. Higher purchasing power enables consumers to increasingly spend beyond essential consumer segments and seek convenience in their purchases, hence increasing e-commerce purchases.

Romania Surpasses Poland's Larger Market For Per Capita E-Commerce Spending

CEE - E-Commerce Spending, USD (2025)



Note: BMI forecast. Source: National sources, BMI

Regional Demographics To Shape E-Commerce Adoption

Considering the recent uptake in e-commerce globally, different generations exhibit distinct preferences. Gen Alpha (those aged 0-15 years old in 2025) are digital natives drawn to immersive experiences and artificial intelligence (AI)-driven shopping. Gen Z (aged 16-28 years old) prioritise mobile commerce, authenticity and personalised interactions. Millennials (29-44 years old) research thoroughly, embrace omnichannel approache, and willingly pay for convenience and values alignment. Gen X (45-65 years old) value practicality, reliability and detailed information while maintaining platform loyalty. Baby Boomers (65 and older) are becoming increasingly comfortable online and prefer simplified desktop interfaces with clear security measures and return policies from established brands.

Generational E-commerce Usage Patterns

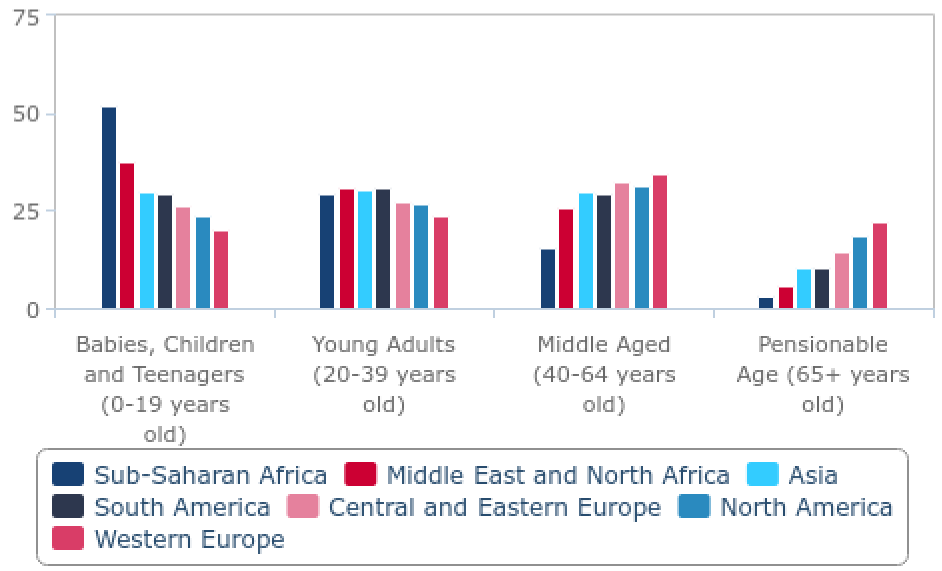
	E-commerce Usage Characteristics
Gen Alpha 0-15 years	• Native digital shoppers who expect highly interactive and immersive shopping experiences • Heavily influenced by social media content and virtual experiences for purchasing decisions • Comfortable with voice shopping, AI recommendations, and emerging technologies
Gen Z 16-28 years	• Mobile-first shoppers who prefer shopping apps and social commerce platforms • Value authenticity, sustainability, and ethical practices when choosing brands • Expect personalized experiences and engage with brands through multiple digital touchpoints
Gen Y (Millennials) 29-44 years	• Conduct extensive research online before making purchases, reading reviews and comparisons • Embrace omnichannel shopping experiences that blend online and offline touchpoints • Willing to pay premium prices for convenience, quality, and brands that align with their values
Gen X 45–65 years	• Practical online shoppers who value efficiency, reliability, and good deals • More likely to be loyal to established e-commerce platforms with proven reliability • Appreciate detailed product information and customer service accessibility
Baby Boomers and The Silent Generation 65+ years	• Increasingly comfortable with e-commerce but may prefer simplified interfaces • More likely to shop from desktop computers than mobile devices • Value security, established brands, and clear return policies when shopping online

Source: BMI

In 2025, 24.5% of the population across the CEE region are young adults, or between the ages of 20 and 39 years old, while a further 20.3% will be under the age of 20 years old. More than half of the population (55.2%) will be older than 40 years old in 2025, pointing to the ageing population that the region is facing. The substantial proportion of older adults poses challenges for e-commerce in the region as exposure to and knowledge of more technologically oriented purchasing options is more limited among this age group. User-friendliness and simple formats need to be a priority for e-commerce retailers tapping into the CEE region in order for digital adoption by older adults to become more seamless. Nonetheless, Gen Alpha and Gen Z generations together still make up a significant portion of the population, therefore AI-driven options and immersive experiences remain important features to capture the CEE market.

CEE Population Split Relatively Evenly Between Younger And Older Generations

Global – Regional Demographic Breakdown, % of population (2025)



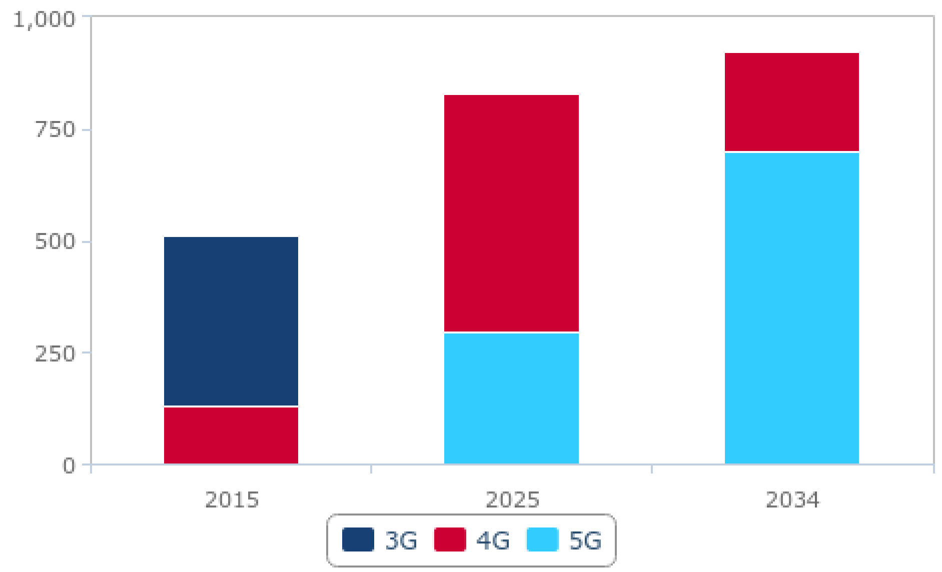
Note: May include territories, special administrative regions, provinces and autonomous regions. BMI forecast. Source: National sources, BMI

Higher Smartphone Penetration To Further Increase Demand For Mobile Experiences

The CEE region is increasingly adopting higher smartphone penetration, further contributing to higher e-commerce adoption, as mobile experiences are being prioritised. This is highlighted by the graphic below, which tracks mobile subscriptions by connection type. By 2034, consumers will completely move away from 3G subscriptions and move towards at least 4G subscriptions, with 5G being the subscription of preference. Such connections better enable e-commerce via mobile apps, indicating that despite an ageing population, consumers are adopting more modern consumption tactics that could benefit e-commerce retailers.

Consumers Subscriptions Highly Compatible With E-Commerce Purchases

CEE - Mobile Phone Subscriptions, per 100 population (2015-2034)



Note: BMI estimate/forecast. Source: National statistics, BMI

Price Sensitivity Continues To Prevail Creating Opportunity For Value-Focused E-Commerce Platforms

Despite strong growth in purchasing power across the region, a significant portion of consumers continues to belong in lower income brackets. In combination with inflation rates remaining higher than pre-Covid levels across most major markets, consumers continue to seek cheaper alternatives for their consumption, a trend that will continue over the medium term (2025-2029). Therefore, low-value e-commerce retailers (eg, Poland's Allegro, which has been expanding across CEE markets) will have the opportunity to grow in the region, as they meet consumer demands. International e-commerce platforms such as Shein and Temu are also making an impact in the CEE market as part of their rigorous expansion in Europe, particularly since the US cut the *de minimis* loophole. Temu has been developing its Europe expansion plan since the announcement in December 2024 that it will begin using local warehouses in Europe, with the aim of reducing delivery time and, thereby, increasing its competitiveness.

Low-cost retailers will face a regulatory crackdown over the next five years, as European governments aim to limit the dumping of low-cost goods. Following the announcement of stricter customs controls on imports by the EU in February 2025, the body proposed a EUR2.0 fee on small parcels valued under EUR150 sent directly to households across Europe. While this tax is unlikely to significantly impact demand, it will increasingly create a legal framework from which to build in higher rates. Thus, European lawmakers will be able to react relatively more quickly by raising the package fee. In the Czech Republic, consumers have accused the online retailer Temu of engaging in manipulative practices by directing customers to its website through search engine results, even when products are advertised as coming from a different online store. Despite challenging regulatory headwinds ahead for e-commerce retailers, we forecast that demand will continue to rise in the region, as price sensitivity continues to prevail.

Growing Demand For Convenience To Benefit E-Commerce Retailers

As purchasing power grows across the region, consumers can increasingly afford to spend more for convenience - often presented in the form of ordering consumer products online to save time - and seek more ready meal alternatives, particularly for online ordering. This has become particularly evident in the CEE region after Bolt launched its food delivery services in Bulgaria and Wolt announced plans of entering Romania, as the market shows promising growth for its restaurant sector. This demand for convenience is furthered by higher urbanisation rates with major CEE markets (ie, Romania, Croatia and Poland) experiencing a move to cities from just over 50% of the population living in cities in 2020 to almost three quarters by 2045. Urbanisation drives easier access for convenience as more services are available and in terms of e-commerce, accessible delivery is more easily feasible, furthering demand for online purchases. In combination with high smartphone penetration rates, the use of apps such as Bolt and Wolt will increasingly be adopted for a range of consumer products other than food and drink, highlighting market potential.

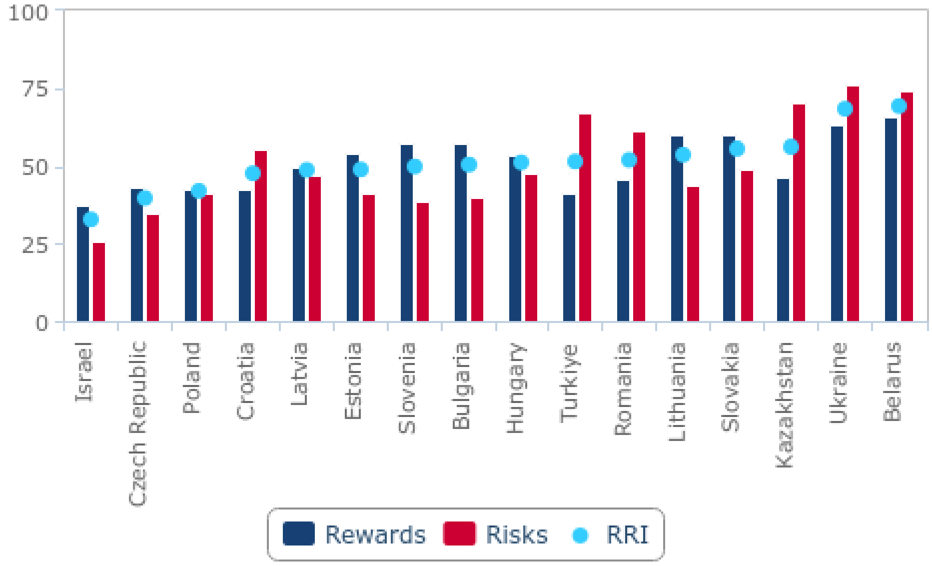
**CEE = Poland, Czech Republic, Hungary, Romania, Croatia, Bulgaria*

Central And Eastern Europe E-Commerce Maturity Risk/Reward Index

The Central and Eastern Europe (CEE) region is highly attractive for e-commerce due to robust consumer spending and growing digital payments levels. The CEE region presents lower risks compared with some other regions, such as Middle East and North Africa (MENA) and Latin America (LatAm), with a more favourable regulatory environment. The region's diverse mix of Risks and Rewards offers a range of opportunities for e-commerce in both smaller and larger markets.

CEE Offers A Mixed Range Of Opportunities For E-Commerce

CEE - E-Commerce Maturity Risk/Reward Index (2025)



Note: Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

Main Regional Features And Latest Updates

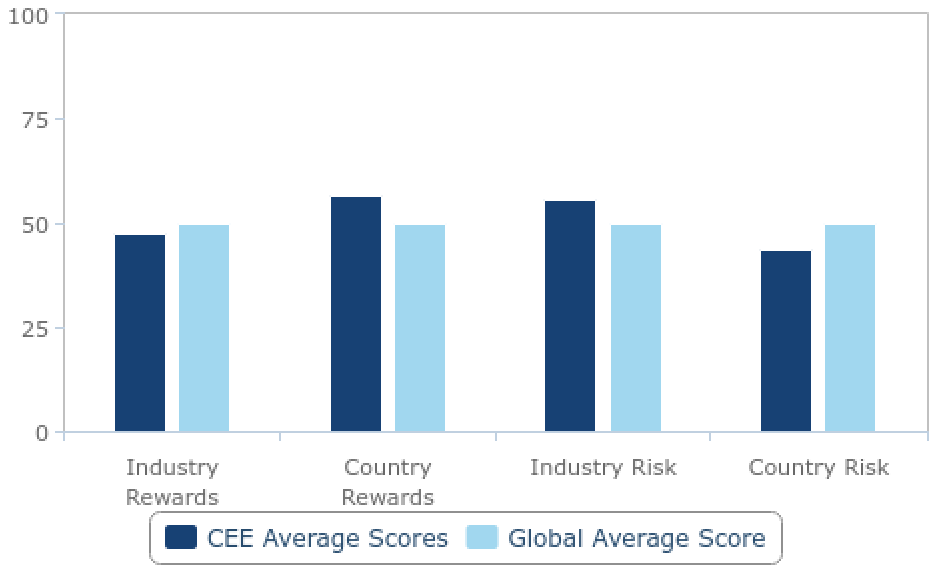
- The CEE region is the third most attractive in our 2025 E-Commerce Maturity Risk/Reward Index (RRI), with an overall average of 51.1 out of 100.
- The CEE performs well in our Industry Rewards pillar (an average of 47.7 out of 100), which is just below the global average of 50.0. This is due to relatively high per capita consumer goods spending levels (40.2 out of 100), digital payments (42.6 out of 100) and consumer outlooks (45.8 out of 100 for our real household spending average growth over the next five years).
- The Czech Republic and Poland rank second and third out of the top three CEE markets in our 2025 E-Commerce Maturity RRI, scoring 39.7 and 42.0 out of 100 respectively. The two markets rank 25th and 30th out of the 75 markets globally that we cover.
- Croatia obtains a modest score of 47.7 out of 100 in our 2025 E-Commerce Maturity RRI, which is stronger than both the global average of 50.0 and the CEE average of 51.1 out of 100. The market boasts the strongest Internet Connectivity score in the region and the second best globally, out of our 75 markets, scoring 1.4 out of 100. This points to the market's significant e-commerce potential.
- Slovenia obtains a moderate score of 49.8 out of 100 in the index, just below the global average score of 50.0 out of 100, with the market ranking 39th globally out of 75. Despite a small consumer market, Slovenia offers a relatively less risky market for expansion.

E-Commerce Maturity Risk/Reward Index

The CEE region is our third most attractive region in our 2025 E-Commerce Maturity RRI, with the average market scoring 51.1 out of 100. This is closely followed by the MENA region, with an average score of 51.8 out of 100. CEE offers unique opportunities for e-commerce growth, with specific regional strengths that make the region attractive to businesses looking to enter or expand across these markets. Growing consumer spending in the region, primarily stemming from an increase in more affluent households and a growing demand for convenience, is favouring e-commerce business. The integration of digital payment systems contributes positively to the region's e-commerce landscape.

CEE Outperforms Global Averages For Certain Risks And Rewards

CEE - E-Commerce Maturity Risk/Reward Index (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

Rewards Profile (51.2 out of 100; moderate risk)

CEE performs well in our Industry Rewards pillar (an average of 47.7 out of 100), which is just below the global average of 50.0. This is due to relatively high per capita consumer goods spending levels (40.2 out of 100), digital payments (42.6 out of 100) and consumer outlooks (45.8 out of 100 for our real household spending average growth over the next five years). The CEE also offers the third best regional score in Internet Connectivity (45.1 out of 100) and the second strongest score in Mass Affluent Class (44.7 out of 100). This points to further opportunities for e-commerce expansion in the region.

Risks Profile (50.8 out of 100; moderate risk)

On the Risks side, the CEE region demonstrates a moderate risk profile across most indicators, with notably favourable scores in Short-Term Economic Risk (35.5 out of 100) and Long-Term Economic Risks (41.9 out of 100). These are both well under the global average of 50.0 out of 100. Regulatory Environment is the second strongest across the regions that we cover, obtaining a score of 46.2 out of 100. These scores reflect the relative risk levels for e-commerce companies considering operations in these regions. However, room for improvement lies in Investment Openness, with the region scoring 65.9 out of 100, which is weaker than the global average of 50.0 and the weakest score across all regions for the indicator.

CEE - E-Commerce Maturity Risk/Reward Index (2025)

	Industry Rewards	Country Rewards	Rewards	Industry Risk	Country Risk	Risks	RRI
CEE Average Scores	47.7	56.6	51.2	55.6	43.7	50.8	51.1
CEE Rank (out of six regions)	3	5	3	5	3	3	3
Global Average Score	50.0	50.0	50.0	50.0	50.0	50.0	50.0

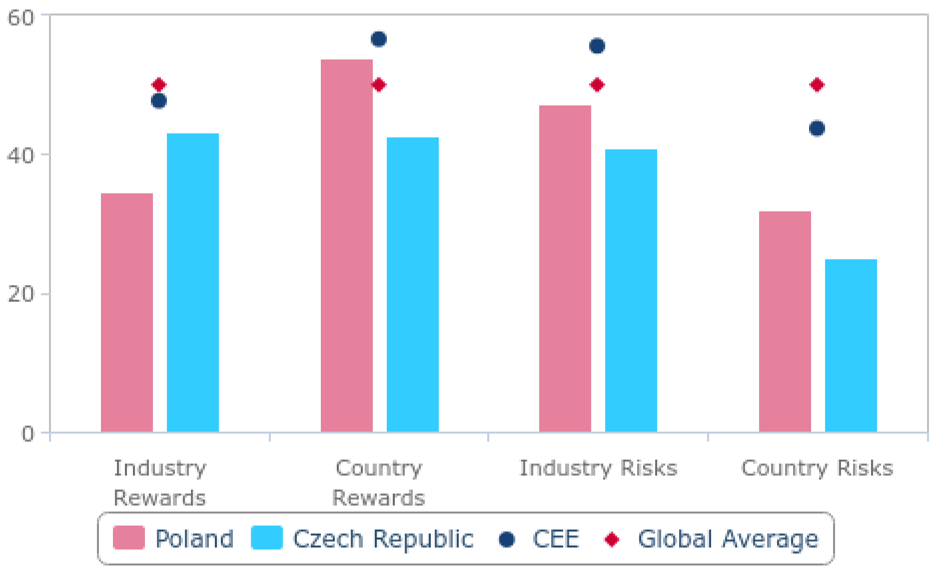
Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

Poland And The Czech Republic Stand Out As Clear E-Commerce Outperformers In CEE

The Czech Republic and Poland are two of the top-three performing CEE markets in our 2025 E-Commerce Maturity RRI, scoring 39.7 and 42.0 out of 100 and ranked 25th and 30th respectively out of the 75 markets globally that we cover. Both markets perform well in terms of Rewards, with Poland having a particularly strong Industry Reward score of 34.6 out of 100 - the second strongest in the region. Poland's attractive Rewards are boosted by a strong Consumer Goods Spending indicator, scoring 21.6 out of 100, with per capita consumer goods spending reaching USD8,349 over the year. By comparison, the Czech Republic offers modest Industry and Country Rewards, obtaining and average Rewards score of 43.0 out of 100. The market boasts the strongest Mass Affluent Class score in the region (14.1 out of 100), with 64.9% of total households belonging in the USD25,000-plus income brackets. Combined with a strong score of 18.2 out of 100 for Internet Connectivity, the e-commerce sector is further strengthened. Both markets score particularly well in our digital payments indicator, with the Czech Republic scoring 32.4 out of 100 and Poland scoring 33.8 out of 100, both outperforming the regional average of 42.6 out of 100.

In terms of Risks, both markets are well-positioned globally, further driving market attractiveness. The Czech Republic stands out for its low Country Risk outlook, scoring 25.0 out of 100, compared with the CEE average of 43.7 out of 100. The market benefits from a very low Short-Term Economic Risk Environment, with the indicator scoring 9.6 out of 100, along with relatively low Political and Operational Risks (both indicators obtaining a score of 29.5 out of 100). Poland similarly offers a low Short-Term Economic Risk score of 28.2 out of 100, and a Political Risk indicator of 25.6 out of 100. The two markets further offer an attractive Regulatory Environment, with the Czech Republic obtaining a score of 24.4 and Poland 29.5 out of 100. This makes it easier for e-commerce platforms to operate in these environments. Retail Formalisation remains a key area for improvement in these markets, particularly Poland, which scores 67.9 out of 100, below both the CEE average of 56.8 and global average of 50.0 out of 100.

The Two Markets Largely Outperform Regional And Global Averages
Poland & Czech Republic - E-Commerce Maturity Risk/Reward Index (2025)



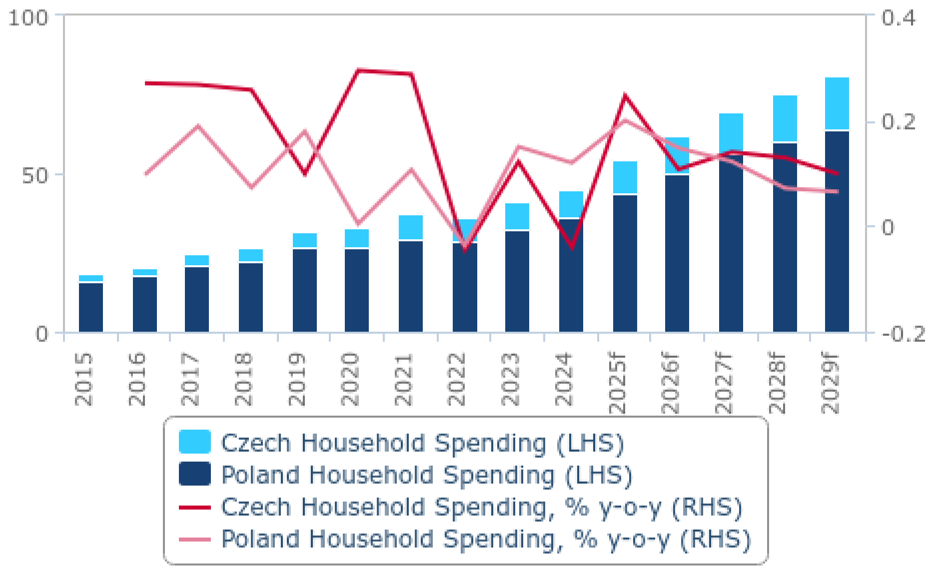
Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

Both the Czech Republic and Poland offer attractive e-commerce markets, with household spending via the e-commerce market totalling USD10.7bn and USD43.7bn respectively in 2025. The Czech Republic's e-commerce market is set for significant growth, with a shift towards online shopping and household spending via e-commerce growing by an annual average of 9.9% over the medium term (2025-2029). Household spending is expected to nearly double, from the USD10.7bn forecast for 2025 to USD16.8bn by 2029. This indicates a maturing consumer market landscape. Poland's e-commerce sector is also expanding notably, by an annual average of 9.2% over the same period - from USD43.7bn in 2025 to USD64.2bn by 2029. This growth is driven by consumer preferences for convenience, digital payments and local online platforms.

These trends are underpinned by the existing context wherein the convenience of online shopping, the widespread use of digital payment methods and the preference for local platforms (eg, Allegro in Poland) have become the norm. The spending growth rates via e-commerce suggest that the market will continue to mature, benefitting from the existing digital infrastructure, consumer habits formed during the pandemic and the gradual alignment with EU regulations that foster a secure and competitive online retail environment.

Growing E-Commerce Potential

Poland & Czech Republic - Household Spending Via E-Commerce, USD (2015-2029)



f = BMI forecast. Source: Eurostat, Czech Statistical Office, BMI

Croatia's Internet Connectivity And Young Demographic Drive Significant Market Potential

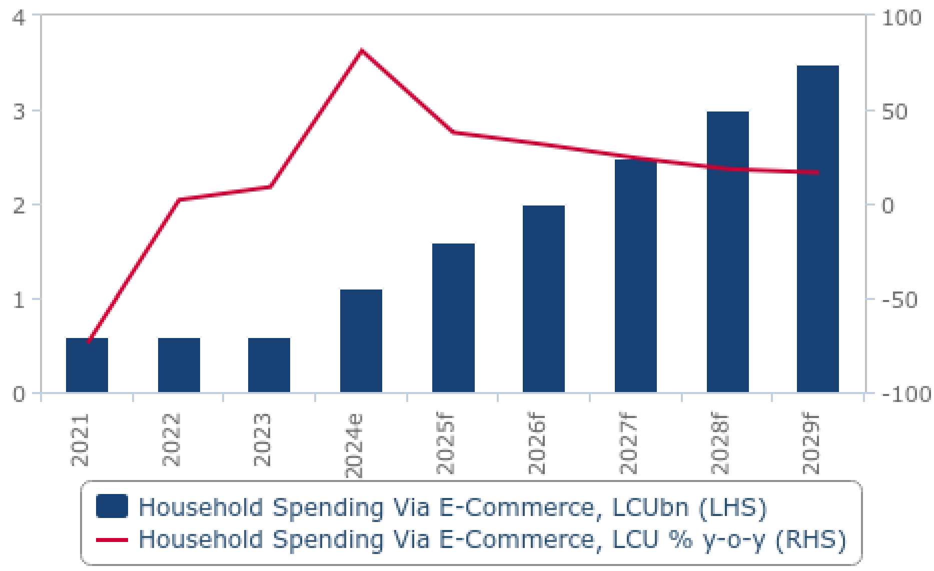
Croatia obtains a modest score of 47.7 out of 100 in our e-commerce Maturity RRI in 2025, which is just below the global average of 50.0 and CEE average of 51.1 out of 100. The market boasts the strongest Internet Connectivity score in the region and the second best globally, out of the 75 markets that we cover, scoring 1.4 out of 100. This points to the market's significant e-commerce potential. A relatively young demographic, with 23.2% of the population (or 0.9mn citizens) belonging in the young adult age bracket (20-39 years), drives further potential for e-commerce, as this age group is a significant contributing driver to the consumer market's growth and is more prone to adopt more technologically advanced solutions.

The market offers the third strongest Mass Affluent Class indicator, with a score of 20.5. This is a significantly stronger score than the CEE average of 44.7 out of 100. Consumer Spending Per Capita scores 12.2 out of 100, which is the strongest regional score in the CEE and points an attractive consumer market with a high proportion of affluent consumers. By 2029, over one quarter of households (26.5% or 366,600 households) will belong in the highest income brackets (earning USD50,000-plus).

The market benefits from low Short-Term Economic Risks (21.8 out of 100) and relatively low Political Risk (38.6 out of 100), compared with the CEE averages of 35.5 and 48.4 respectively. These scores indicate a stable environment for e-commerce operators.

E-Commerce Use To Grow Substantially Over Medium Term

Croatia - Household Spending Via E-Commerce, USD (2021-2029)



e/f = BMI estimate/forecast. Source: Eurostat, Croatian Bureau of Statistics, BMI

In terms of Risks, Croatia obtains a modest score of 55.3, which is slightly weaker than the global average of 50.0 and CEE average of 50.8. The market lags slightly behind in its Investment Openness, scoring 80.8 out of 100, compared with the CEE average of 65.9. Retail Formalisation also scores weaker, at 70.5, compared with the CEE average of 56.8. A significant portion of Croatia's population lives in rural areas, leading to the market obtaining a relatively less attractive Urban Population score of 84.6 out of 100 compared with an average score of 64.1 out of 100 for the braoder CEE region. This may impact consumer accessibility to e-commerce services, potentially dampening demand and growth potential. A relatively smaller population due to the market's relatively smaller size also affects our Spending Population Index, with Croatia scoring a 76.9 out of 100, compared with the CEE average of 72.4. This further limits e-commerce growth potential.

Slovenia Among Least Risky For E-Commerce, Offering A Promising Market

Slovenia obtains a moderate score of 49.8 out of 100 in our e-commerce RRI, falling just below the global average score of 50.0 out of 100. The market ranks 39th globally out of the 75 markets that we cover.

Slovenia stands out for its particularly low Risk score of 38.6 out of 100 relative to other CEE markets (regional average of 50.8 out of 100). The market boasts the third strongest Risk score in the region. The attractive score lies mainly in the market's Long-Term and Short-Term Economic Risk indices, scoring 7.7 and 5.8 out of 100 respectively, which are the second and third lowest scores in the region for these indicators. The market also offers the strongest regional Political Risk score of 12.8 out of 100, compared with the CEE average of 48.4. Together, these indicators contribute to the most attractive Country Risk score in the region (15.2 out of 100), significantly surpassing both the CEE and global averages of 43.7 and 50.0 out of 100 respectively.

Industry Risks run higher, with a less attractive score of 54.2 out of 100. While this is slightly weaker than the global average of 50.0, it nonetheless indicates that the market offers among the best Regulatory Environments, obtaining a score of 28.2 out of 100. These indicators point to the ease of entry and stability that e-commerce players can benefit from in Slovenia, furthered by the market's proximity to major and well-developed markets such as Austria and Italy making it an easily accessible market for expansion. In 2024, the European Commission noted in its Digital Decade Country report that Slovenia has a stronger connectivity infrastructure than the EU average, with 78.5% of households covered with fibre to the premises coverage, compared with the EU average of 64%. This further highlights the market's tech savviness and the potential that lies in online services.

Slovenia Offers Attractively Low Country Risks

Slovenia - E-Commerce Maturity Risk/Reward Index (2025)

Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

Compared with its attractive Risks scores, Slovenia slightly underperforms in Rewards. However, it still offers substantial market advantages. Slovenia's rewards predominantly lie in its Consumer Goods Spending Per Capita, scoring 37.8 out of 100; the Digital Payments indicator, with a score of 24.3 out of 100 (the second strongest in the region); and the Mass Affluent Class, with a score of 32.1 out of 100. However, the market lags in our Urban Population indicator, scoring 91.0 out of 100, which is the third weakest score in the region and well above both the CEE and global average of 64.1 and 50.0 out of 100 respectively. Similarly, Spending Population obtains one of the least attractive scores regionally (88.5 out of 100), with both indicators pointing to certain challenges for e-commerce demand, as a smaller and more rural population could impact market growth potential and consumer accessibility.

The following table displays our E-Commerce Maturity RRI for key markets in the CEE region.

CEE - E-Commerce Maturity Risk/Reward Index (2025)

Market	Industry Rewards	Country Rewards	Rewards	Industry Risks	Country Risks	Risks	RRI	Regional Rank	Global Rank
Israel	32.8	44.6	37.5	28.2	21.8	25.6	32.8	1	17
Czech Republic	43.2	42.7	43.0	41.0	25.0	34.6	39.7	2	25
Poland	34.6	53.8	42.3	47.4	32.7	41.5	42.0	3	30
Croatia	40.4	45.9	42.6	66.7	38.1	55.3	47.7	4	35
Latvia	41.3	62.5	49.7	52.4	39.4	47.2	48.7	5	36
Estonia	51.6	57.3	53.9	50.3	28.0	41.4	48.9	6	37
Slovenia	52.2	65.0	57.4	54.2	15.2	38.6	49.8	7	39
Bulgaria	53.4	63.6	57.5	43.9	34.0	39.9	50.4	8	40
Hungary	51.5	56.5	53.5	48.1	47.1	47.7	51.2	9	42
Turkiye	46.2	33.5	41.1	59.9	77.6	67.0	51.5	10	43
Romania	36.2	59.7	45.6	69.6	49.4	61.5	52.0	11	45
Lithuania	54.9	68.2	60.2	57.1	23.7	43.7	53.6	12	48
Slovakia	54.5	68.2	60.0	61.5	30.0	48.9	55.5	13	51
Kazakhstan	44.2	50.5	46.7	72.8	66.5	70.3	56.1	14	52
Ukraine	55.5	74.9	63.3	68.3	87.2	75.8	68.3	15	67
Belarus	70.5	58.4	65.7	68.3	83.8	74.5	69.2	16	68
CEE Regional Average	47.7	56.6	51.2	55.6	43.7	50.8	51.1	na	na
Global Average Score	50.0	50.0	50.0	50.0	50.0	50.0	50.0	na	na

Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. na = not applicable.
Source: BMI E-Commerce Maturity Risk/Reward Index

Middle East & Africa

Middle East And North Africa E-Commerce Outlook

E-commerce across the Middle East and North Africa (MENA region is experiencing strong growth, with Saudi Arabia leading the regional market, followed by Egypt and the UAE. While penetration rates are increasing steadily, they remain below global averages. The region's young demographic profile shapes consumer preferences, with nearly 70% of the population under 40 years old. This youth-dominated market demands mobile-first shopping experiences with immersive features and personalisation. Digital payment options are evolving beyond cash-on-delivery (CoD) towards digital wallets and buy-now-pay-late (BNPL) services. Companies succeeding in this landscape prioritise smartphone-optimised platforms, authentic brand storytelling and seamless omnichannel experiences tailored to tech-savvy younger generations.

E-Commerce Spending Outlook

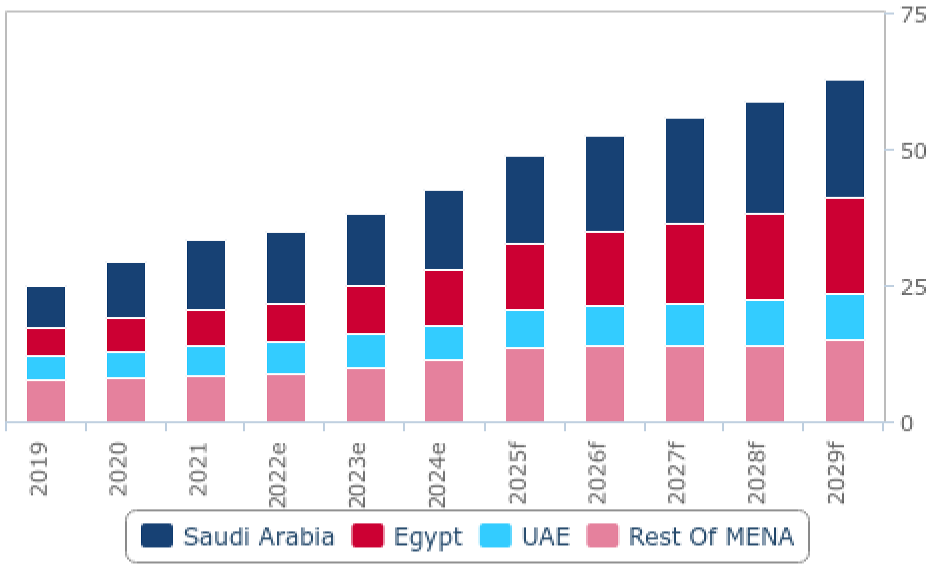
Total Spend

Households across MENA will spend a total of USD49bn on consumer goods through the e-commerce channel over 2025, growing a strong 14.6% y-o-y. While US dollar weakness will support this nominal growth, the sector remains on a strong growth trajectory, as more consumers across the region increasingly shift their spending online. Spending growth via these channels will slow out to 2029, as major markets begin maturing, but remain strong. Over the next five years, we forecast consumer spending via e-commerce channels across the region to grow an average of 8.1% a year, reaching roughly USD63bn in 2029.

By total spending, Saudi Arabia is the largest market in the region, with consumer spending via e-commerce channels totalling USD16.3bn over 2025. The market will see steady growth over the next five years, at an average of 8.2% a year, reaching USD21.9bn in spending by 2029. This is closely followed by Egypt, at USD12.1bn, and the UAE, at USD7.0bn, in spending over the year. Outside of these three markets, e-commerce spending levels are relatively low. For example, Bahrain and Oman will both have e-commerce spending under USD1bn over the year.

Saudi Arabia And Egypt Dominate The Region

MENA - Household Goods Spending Via E-Commerce, USDbn (2019-2029)



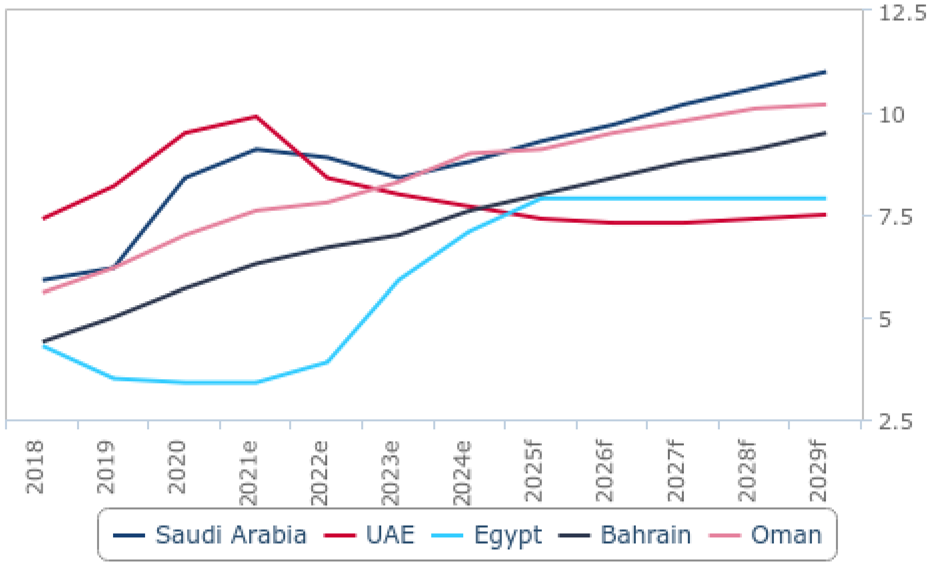
e/f = BMI estimate/forecast. Source: National statistics, BMI

Proportional Spend

Breaking down these total figures, around 7-10% of consumer goods spending across the region will go through e-commerce channels in 2025. This has grown steadily from the 4-7% range seen before the Covid-19 pandemic (2019), but remains relatively low by global standards. Saudi Arabia has the highest e-commerce penetration rate, at 9% of total consumer goods spending in 2025, having grown from 6.2% in 2019. By 2029, we forecast this rate to reach 11% of consumer goods spending. Oman is a close second, with 9.1% of spending going via e-commerce channels, growing to 10.2% by 2029.

Steady Growth In Proportional Spending Out To 2029

MENA - E-Commerce Spending, % of total consumer goods spending (2018-2029)



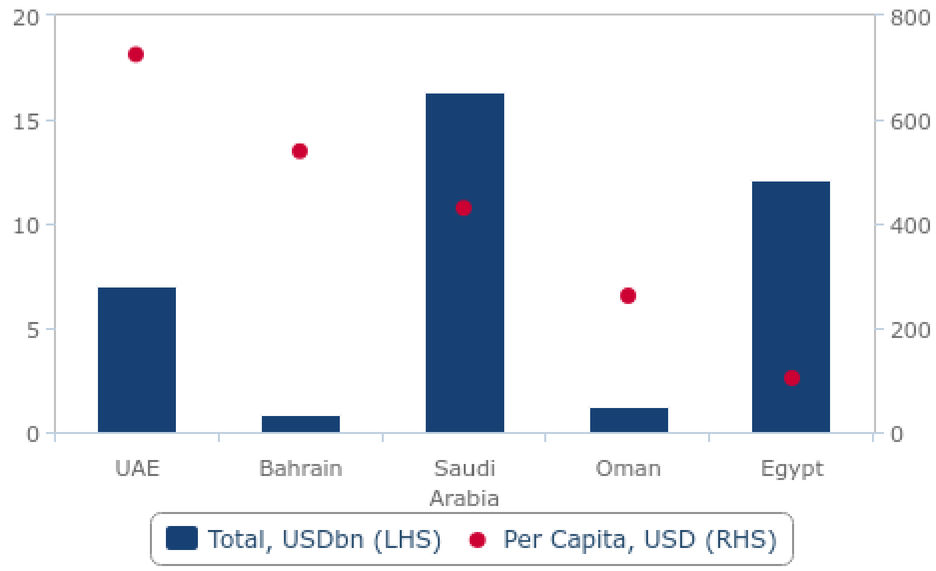
e/f = BMI estimate/forecast. Source: National statistics, BMI

Per Capita Spend

While Egypt is the second largest e-commerce consumer market in the region, at just USD103.8 in 2025, per capita spending is relatively low. Conversely, per capita spending in the UAE, at USD725, highlights the consumer appetite for e-commerce in that market, despite the small overall size of spending. This disparity reflects the significant differences in discretionary income levels and digital infrastructure development across MENA markets, offering varied opportunities for e-commerce investors and retailers looking to tap into the market.

UAE Leads In Per Capita Spending

MENA - E-Commerce Spending, USD (2025)

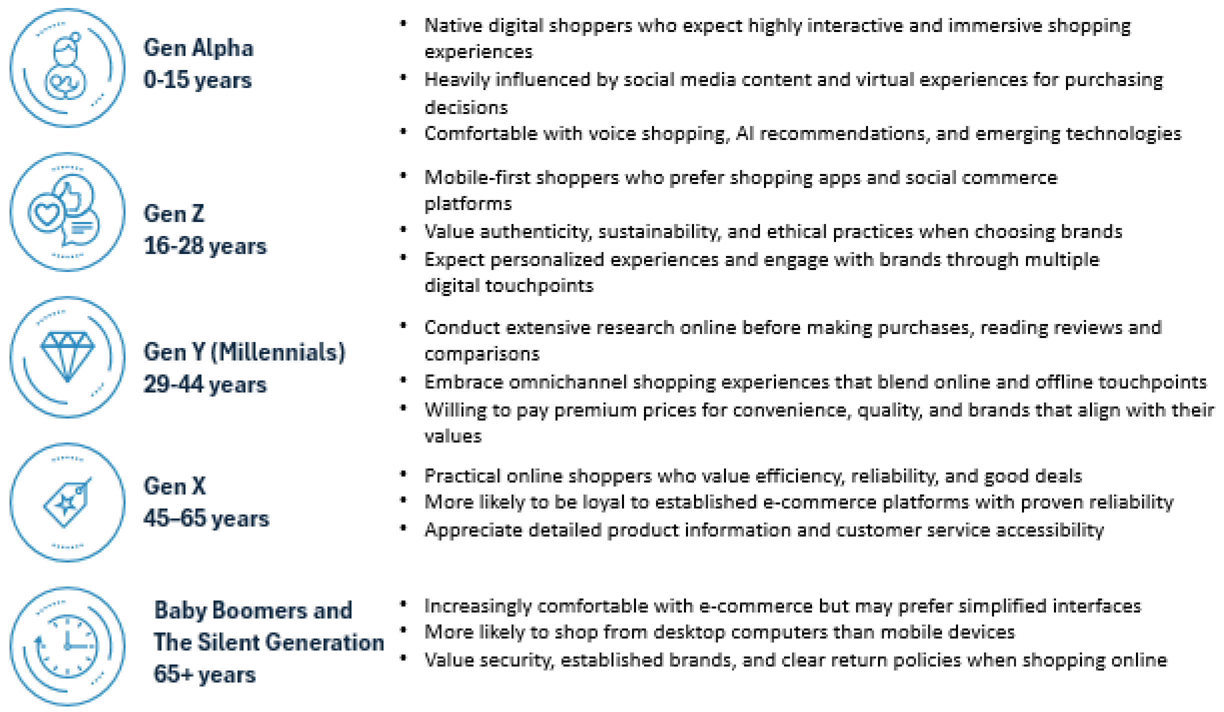


Note: BMI forecast. Source: National sources, BMI

Region's Demographics Will Shape E-Commerce Evolution

Considering the recent uptake in e-commerce globally, different generations exhibit distinct preferences. Gen Alpha (those aged 0-15 years old in 2025) are digital natives drawn to immersive experiences and artificial intelligence (AI)-driven shopping. Gen Z (aged 16-28 years old) prioritise mobile commerce, authenticity and personalised interactions. Millennials (29-44 years old) research thoroughly, embrace omnichannel approaches and willingly pay for convenience and values alignment. Gen X (45-65 years old) value practicality, reliability and detailed information while maintaining platform loyalty. Baby Boomers (65-plus) are becoming increasingly comfortable online and prefer simplified desktop interfaces with clear security measures and return policies from established brands.

Generational E-commerce Usage Patterns



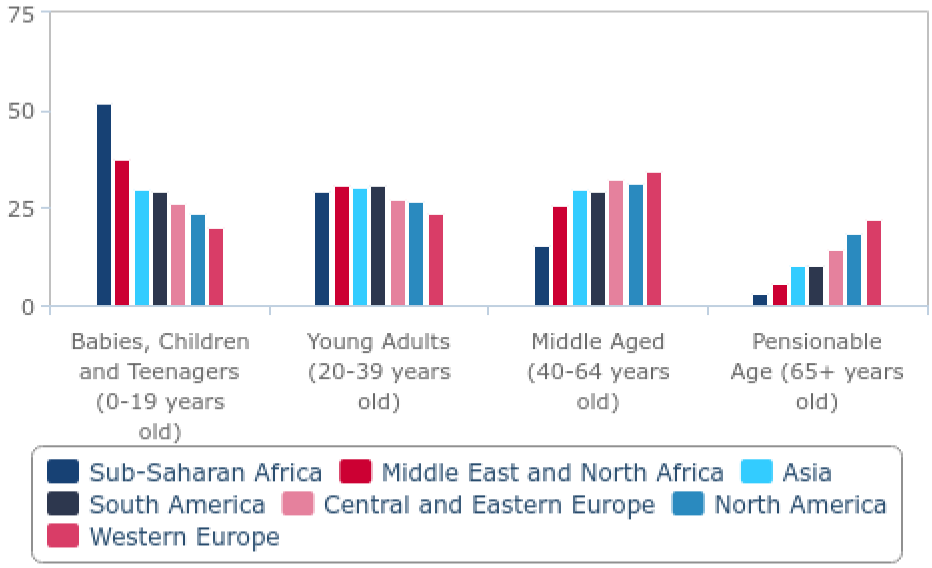
	E-commerce Usage Characteristics
Gen Alpha 0-15 years	• Native digital shoppers who expect highly interactive and immersive shopping experiences • Heavily influenced by social media content and virtual experiences for purchasing decisions • Comfortable with voice shopping, AI recommendations, and emerging technologies
Gen Z 16-28 years	• Mobile-first shoppers who prefer shopping apps and social commerce platforms • Value authenticity, sustainability, and ethical practices when choosing brands • Expect personalized experiences and engage with brands through multiple digital touchpoints
Gen Y (Millennials) 29-44 years	• Conduct extensive research online before making purchases, reading reviews and comparisons • Embrace omnichannel shopping experiences that blend online and offline touchpoints • Willing to pay premium prices for convenience, quality, and brands that align with their values
Gen X 45-65 years	• Practical online shoppers who value efficiency, reliability, and good deals • More likely to be loyal to established e-commerce platforms with proven reliability • Appreciate detailed product information and customer service accessibility
Baby Boomers and The Silent Generation 65+ years	• Increasingly comfortable with e-commerce but may prefer simplified interfaces • More likely to shop from desktop computers than mobile devices • Value security, established brands, and clear return policies when shopping online

Source: BMI

In 2025, roughly 31% of the population across the MENA region are young adults, or between the ages of 20 and 39 years old, while a further 37.6% will be under the age of 20 years old. Only 31.4% of the population will be older than 40 years old in 2025, the second lowest proportion globally, behind only Sub-Saharan Africa. E-commerce majors targeting the MENA region must prioritise mobile-first platforms with immersive experiences and AI-driven personalisation to capture the nearly 70% of consumers who fall into Gen Alpha, Gen Z and Millennial categories. In order to maximise market penetration, companies should invest in authentic brand storytelling and seamless omnichannel experiences while ensuring simplified interfaces with robust security features to accommodate the gradual digital adoption of older demographics.

MENA Boasts High Youth Population

Global – Regional Demographic Breakdown, % of population (2025)



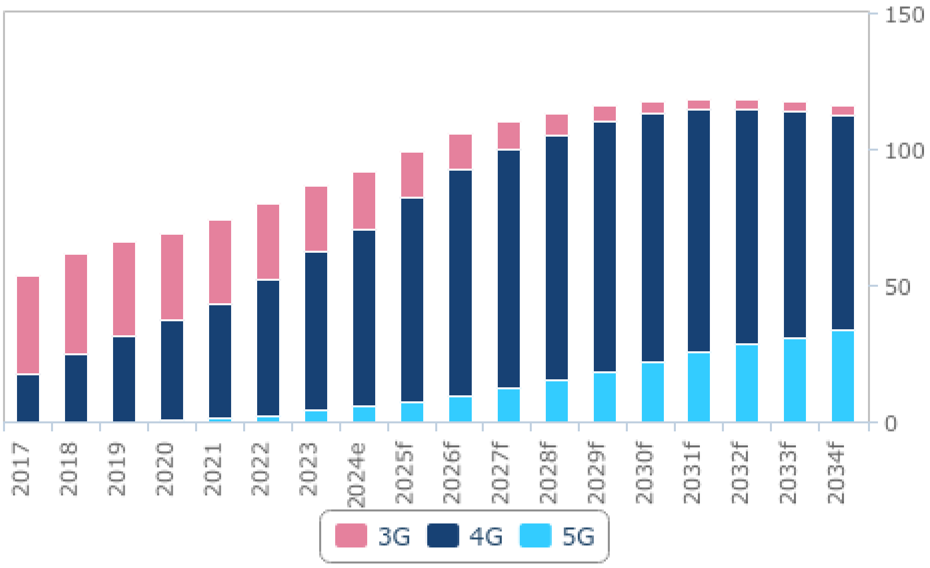
Note: May include territories, special administrative regions, provinces and autonomous regions. BMI forecast. Source: National sources, BMI

Mobile-First Shopping Dominance

The MENA region's e-commerce landscape is being transformed by mobile-first shopping dominance, with high smartphone penetration driving retailers to prioritise mobile experiences. The graphic below tracks mobile subscriptions by connection type, showing that all consumers will soon have at least a 4G connection on their phones and the ability to access e-commerce mobile apps. As younger demographics increasingly shape consumption patterns, companies are investing heavily in optimised apps and social commerce integration to capture Gen Z and Millennial markets. This shift is particularly evident in Saudi Arabia and the UAE, where mobile commerce already accounts for over 60% of online transactions. Retailers are responding by developing intuitive mobile interfaces, implementing one-click purchasing options and integrating with popular regional messaging platforms in order to create seamless shopping journeys that are tailored to on-the-go consumers.

All Mobile Phones Soon To Have E-Commerce Capabilities

MENA - Mobile Phone Subscriptions, per 100 population (2017-2034)



e/f = BMI estimate/forecast. Source: National statistics, BMI

Digital Payment Evolution

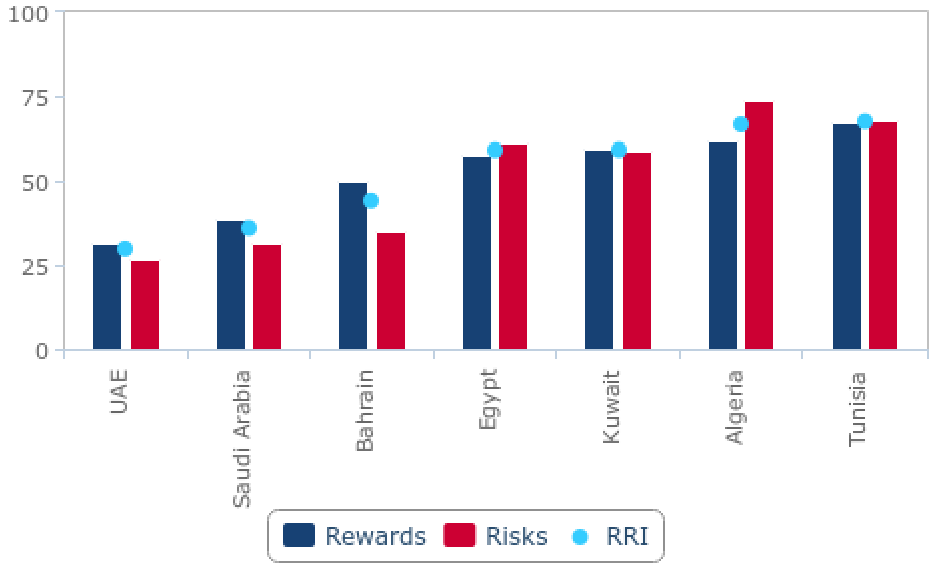
Digital payment evolution is accelerating across MENA, moving beyond traditional CoD towards diverse options including digital wallets, BNPL services and emerging cryptocurrency solutions. This payment revolution is bolstered by government initiatives aimed at enhancing financial inclusion and reducing cash dependency, with Saudi Arabia and UAE leading through regulatory frameworks supporting fintech innovation. Regional payment players, such as Tabby and Tamara, are revolutionising the BNPL segment, while established players such as STC Pay, Careem Pay and Fawry continue expanding their digital wallet ecosystems. International giants, including Apple Pay and Google Pay, have also gained significant traction, particularly across the Gulf Cooperation Council markets. The pandemic accelerated this transition, with contactless payments gaining significant traction as companies such as Network International and Checkout.com began providing the necessary infrastructure to power these transactions.

Middle East And North Africa E-Commerce Maturity Risk/Reward Index

The Middle East and North Africa (MENA) region's e-commerce landscape presents a relatively mixed outlook for 2025. The region leverages strong internet connectivity and a digitally-engaged youth demographic, although mass affluent populations remain concentrated in Gulf states. Despite favourable industry structures in wealthier markets, broader regional challenges include economic volatility and limited consumer spending power, creating a market of significant potential still in developmental transition.

Wide Range Of Market Opportunities

MENA - E-Commerce Maturity Risk/Reward Index (2025)



Note: Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

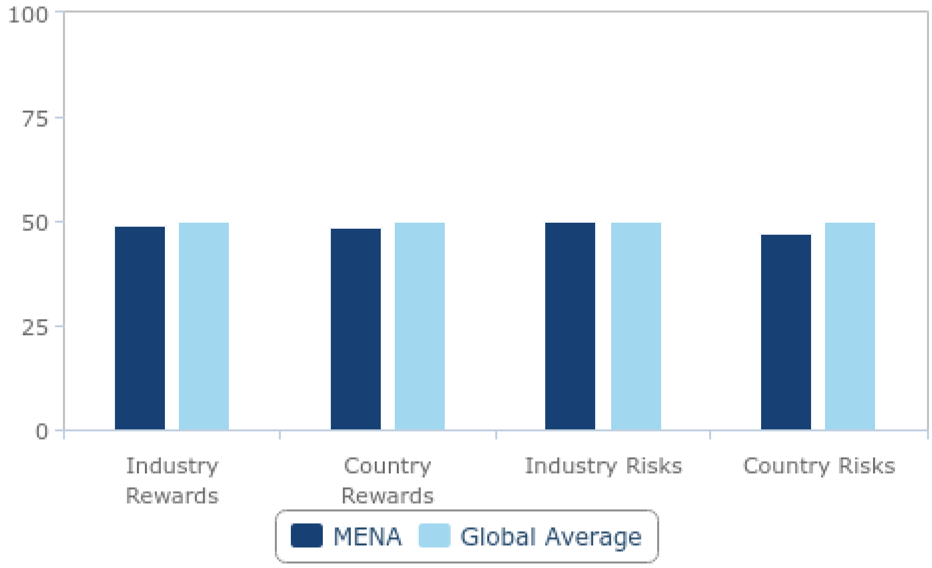
Main Regional Features And Latest Updates

- The MENA region ranks as the fourth most attractive out of our six regions globally, with an average score of 51.8 out 100 in our 2025 E-Commerce Maturity Risk/Reward Index (RRI), showing strengths in Internet Connectivity (38.8 out of 100) and Spending Populations (35.7 out of 100). However, significant disparities exist between wealthy Gulf Cooperation Council (GCC) states and less developed North African markets.
- The region presents a balanced Risk/Reward profile (both scoring around 50 out of 100), with opportunities stemming from young demographics and digital readiness in GCC markets, while facing challenges including political instability, currency volatility and logistics infrastructure limitations in non-GCC markets.
- The UAE ranks as MENA's most attractive e-commerce market (14th out of 75 markets globally, with an overall score of 29.8 out of 100). The market offers exceptional business conditions with minimal regulatory barriers, world-class logistics infrastructure and the region's highest concentration of mass affluent consumers with near-universal internet penetration.
- Saudi Arabia follows as the region's second most attractive market (21st globally, with an overall RRI score of 36.0 out of 100). The market features a large consumer base (USD211bn consumer goods spending forecast by 2029), young demographic (11.2mn people aged 20-39) and significant government investment in digital infrastructure through Vision 2030 initiatives.
- Egypt ranks fourth in MENA and 56th globally. While the market presents a large addressable market with over 110mn people, it faces substantial challenges, including inadequate digital payment infrastructure; below-average internet connectivity; and heightened economic, political and operational risks that exceed regional averages.

E-Commerce Maturity Risk/Reward Index

The MENA region is our fourth most attractive region in our 2025 E-Commerce Maturity Index, with an overall average score of 51.8 out of 100. This is a slight strengthening on the 54.0 out of 100 scored in 2024. The region places just behind third-placed Central and Eastern Europe (CEE), which has an average score of 51.1 out of 100. MENA offers unique opportunities for e-commerce growth, with specific regional strengths that make it attractive to businesses looking to enter or expand into these markets. Specifically, MENA presents a conducive environment for online retail, attributed to a large potential customer base and widespread internet access, which facilitates online transactions. The MENA region scores well in Country Rewards (44.2 out of 100), driven by larger Spending Populations (35.7 out of 100) and high Internet Connectivity (38.8 out of 100). Growth potential in the region lies in expanding e-commerce penetration, driving more consumer spending online.

Region Largely In Line With Global Averages
MENA - E-Commerce Maturity Risk/Reward Index (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: E-Commerce Maturity Risk/Reward Index

Rewards Profile (52.3 out of 100; moderate risk)

The MENA region presents a mixed e-commerce Rewards profile, ranking fourth among our six covered regions globally. It outperforms Latin America and Sub-Saharan Africa but trails behind CEE. The region's moderate positioning stems primarily from stronger Country Rewards metrics, bolstered by relatively robust internet connectivity infrastructure and a demographically favourable young adult population that drives digital adoption across key markets. This digital readiness creates a solid foundation for e-commerce growth, particularly in GCC markets. However, the region's overall rewards potential faces significant geographic disparity, with North African markets substantially diluting the mass affluent population metrics that would otherwise position MENA more competitively in global rankings. While several markets - particularly the UAE, Saudi Arabia and Qatar - demonstrate promising consumer outlooks with projected spending growth over the forecast period, the region's aggregate spending power remains constrained by lower disposable incomes across populous markets such as Egypt and Morocco. Despite improving digital infrastructure and rising smartphone penetration rates, per capita consumer spending levels continue to lag behind more mature e-commerce regions, pointing to a market that is still in developmental transition, with significant unrealised potential contingent on broader economic advancement.

Risks Profile (51.0 out of 100; moderate risk)

For our Risks profile, MENA ranks fourth out of the six global regions. The region demonstrates comparatively favourable scores across our Industry Risk indicators, particularly in retail formalisation and regulatory environment metrics; however, these advantages are overwhelmingly concentrated within GCC markets, where structured retail sectors, established digital commerce frameworks and business-friendly regulatory environments provide a stable foundation for e-commerce operations. Non-GCC markets in the region suffer from fragmented retail landscapes, regulatory uncertainty and inconsistent digital commerce governance. The region's most pronounced weaknesses come in elevated economic and operational risks that exceed global averages, reflecting persistent challenges including political instability in several markets, currency volatility, bureaucratic inefficiencies and logistical infrastructure limitations beyond the wealthy Gulf states.

MENA - E-Commerce Maturity Risk/Reward Index (2025)

	Industry Rewards	Country Rewards	Rewards	Industry Risk	Country Risk	Risks	RRI
MENA Average Scores	57.7	44.2	52.3	45.4	59.3	51.0	51.8
Global Average Score	50.0	50.0	50.0	50.0	50.0	50.0	50.0
MENA Rank (Out Of 6 regions)	4	3	4	2	4	4	4

Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: E-Commerce Maturity Risk/Reward Index

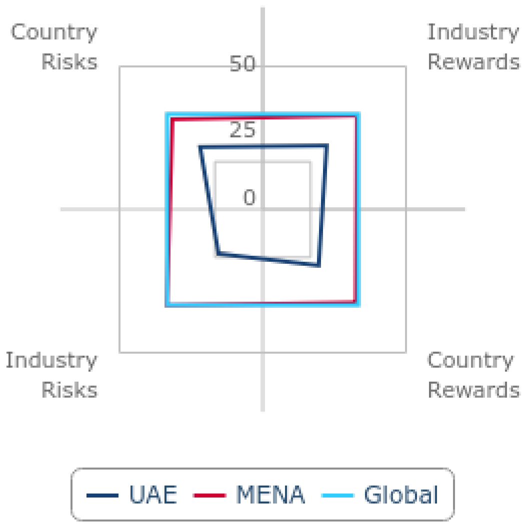
UAE Stands As The Springboard For The Wider Region

The UAE remains our most attractive e-commerce market in the MENA region over 2025, ranking 14th out of the 75 markets that we cover in our E-Commerce Maturity Index. With an overall RRI score of 29.8 out of 100 in 2025, the UAE has seen its score strengthen considerably from the 35.0 out of 100 scored in 2024. This comes as the market continues to see impressive growth in e-commerce. The market scores stronger than the regional average for all pillars except Urban Population, which highlights its relative attractiveness via different measurements.

The UAE stands out in the region for its overall Risks profile, scoring 26.9 out of 100, outperforming the likes of Austria and Canada. For e-commerce majors, the UAE offers an exceptionally attractive expansion opportunity due to its business-friendly regulatory environment and streamlined market entry processes. The government's digital-first approach and minimal bureaucratic barriers facilitate rapid establishment of e-commerce operations. Political stability and economic diversification policies further reduce investment risks, while the market's advanced logistics infrastructure, including world-class ports, airports and fulfilment centres, ensures efficient supply chain management. With strategic geographic positioning as a gateway between East and West, robust internet penetration and a tech-savvy consumer base, the UAE presents a low-risk, high-reward proposition for e-commerce companies looking to establish or expand their MENA footprint.

Market Performs Well Across All Pillars

UAE - E-Commerce Maturity Risk/Reward Index (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Reward Index

On the Rewards side, the UAE scores 31.7 out of 100, which is again the most attractive score in the region, and the sixth strongest score globally. The UAE's consumer outlook represents a compelling proposition for e-commerce operators, offering substantial rewards that amplify the market's overall attractiveness. Consumer spending continues to demonstrate robust year-on-year growth, with particularly high expenditure on consumer goods compared with regional peers. This spending power is underpinned by one of the region's highest concentrations of mass affluent consumers, creating a substantial customer base with significant discretionary income. Digital engagement is exceptional, with near-universal internet penetration rates exceeding 98%, and world-class fixed and mobile broadband infrastructure ensuring seamless online shopping experiences. The market benefits from both resident wealth and a large population of high-spending tourists and business travellers, creating multiple revenue streams for e-commerce platforms. With strong purchasing power, digital literacy and appetite for premium international brands, the UAE's consumer landscape offers e-commerce operators access to a sophisticated, high-value customer base that drives exceptional conversion rates and above-average basket sizes.

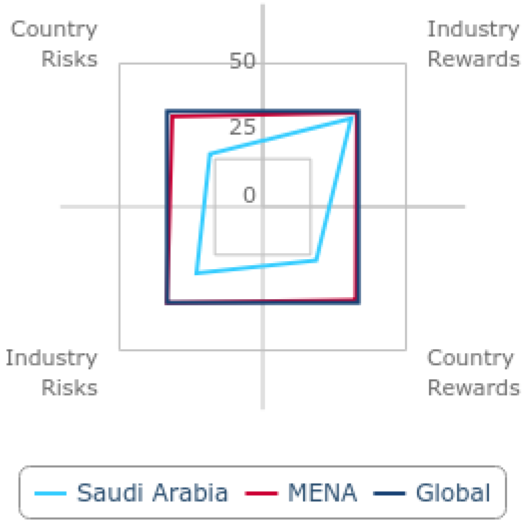
Saudi Arabia The Key Consumer Market

Saudi Arabia ranks second in our E-Commerce Maturity Index, with an overall RRI score of 36.0 out of 100. This is a stronger score than that seen in 2024 (39.3 out of 100). The market ranks 21st out of the 75 markets covered in the index, having moved up three places from its 28th ranking in 2024. Saudi Arabia offers one of the more attractive consumer markets in the Middle East, boasting a young population (some 30% of the population, or 11.2mn people) between the ages of 20 and 39 years old in 2025. It also has a significant urban population (85.2% of the population in 2025, or 32mn people), which, combined with high internet accessibility (100% of mobile phone users will have a 4G or 5G connection by 2029), makes for an attractive target market for e-commerce majors. Saudi Arabia's consumer market is considerably large, with consumer spending forecast to total around USD211bn in 2029, at a per capita spend of USD5,280. While Saudi Arabia does not score well in Digital Payments (63.5 out of 100), this offers potential to drive more consumer spending online over the next few years.

Compared with MENA regional averages, Saudi Arabia presents a higher Regulatory Environment risk (75.6 out of 100 compared with the regional average of 57.7 out of 100) and lower Investment Openness (60.3 out of 100), which could pose challenges for international e-commerce companies looking to expand into the market. However, the market has significantly lower Retail Formalisation risk (20.5 out of 100) and Logistics Risk (34.6 out of 100), which suggest a more efficient retail sector and supply chain. Saudi Arabia also boasts lower Long-Term (25.6 out of 100) and Short-Term (3.8 out of 100) Economic Risk indices, pointing to strong economic stability. The Political Risks pillar (47.4 out of 100) is slightly below the regional average (55.5 out of 100), while the Operational Risks (34.6 out of 100 compared with the regional average of 53.5 out of 100) score is notably lower, highlighting a generally favourable operating environment for e-commerce businesses compared with the broader MENA region.

Low Risks Scores Underpin The Market

Saudi Arabia - E-Commerce Maturity Risk/Reward Index (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: E-Commerce Maturity Risk/Reward Index

Saudi Arabia is well positioned to become the region's most dynamic e-commerce growth market, driven primarily by ambitious Vision 2030 initiatives that are rapidly modernising the digital ecosystem. The market's ongoing USD1.5bn investment in logistics infrastructure, including the expansion of smart warehouses and fulfilment centres, will address current distribution inefficiencies and enhance last-mile delivery capabilities. As regulatory frameworks evolve to embrace digital commerce, evidenced by recent fintech reforms and the establishment of special economic zones for technology companies, entry barriers for international players are expected to diminish significantly. The market's sheer economic scale, comprising nearly half of the GCC's GDP, means that establishing a foothold here is becoming increasingly essential for companies with regional ambitions. As digital payment adoption accelerates through government-backed initiatives such as Saudi Payments, the market is rapidly transforming from a cash-dominated society into the region's most promising digital marketplace and potential regional e-commerce hub.

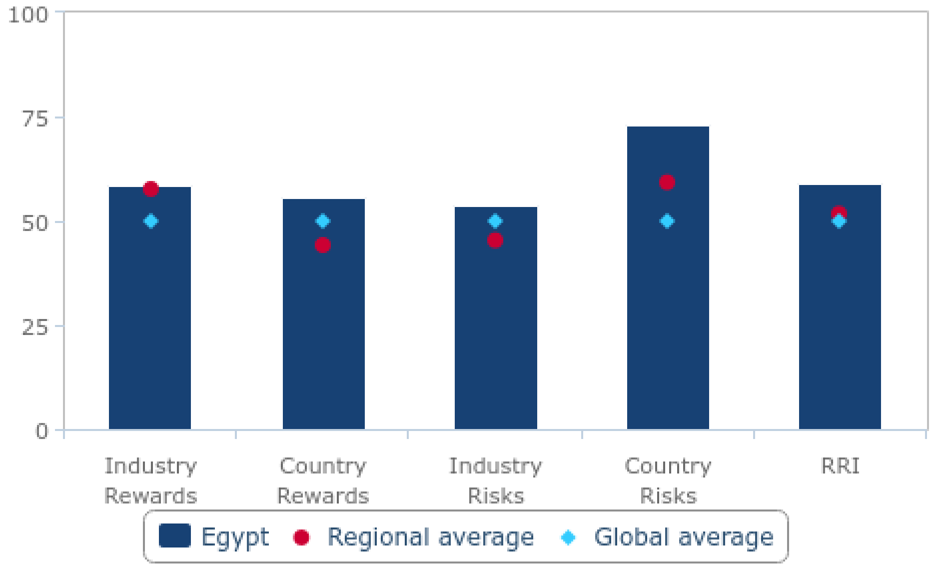
Egypt Battles Will High Risks Despite Consumer Market Potential

Egypt ranks fourth in MENA and places 56th out of 75 markets globally that are covered in our 2025 E-commerce Maturity RRI. As the second best scoring market in Africa, after South Africa, Egypt demonstrates developing potential in the e-commerce landscape despite facing significant structural challenges. With a population exceeding 110mn in 2025, Egypt represents one of the largest addressable markets in the MENA region, offering substantial scale advantages for e-commerce operators capable of navigating its unique constraints. However, its overall score reflects a market that is still in the early stages of e-commerce development, with considerable room for improvement across multiple indicators, as the digital economy continues to evolve under government digitisation initiatives.

Egypt's consumer market presents a mixed picture for e-commerce operators. While the market boasts a high urban population concentration, creating natural density advantages for logistics operations, it suffers from inadequate digital payment infrastructure and below-average internet connectivity rates compared with regional peers. The mass affluent consumer segment also remains relatively small, which limits premium market opportunities, and its overall consumer spending power lags significantly behind that seen in the Gulf markets. These factors constrain immediate market potential despite Egypt's demographic scale. Nevertheless, the market's youthful population, with around 60% under the age of 30, represents a digitally adaptable consumer base that could drive accelerated e-commerce adoption as infrastructural improvements take hold.

High Country Risks

Egypt - E-Commerce Maturity Risk/Reward Index (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: E-Commerce Maturity Risk/Reward Index

From a risk perspective, Egypt presents a challenging operational environment that requires careful strategic consideration from market entrants. Investment openness stands as a relative bright spot, reflecting government efforts to attract foreign capital across sectors including technology and retail. However, these advantages are substantially offset by heightened economic, political and operational risks that exceed regional averages. The regulatory landscape remains underdeveloped for e-commerce specifically, creating compliance uncertainties, while low retail formalisation complicates supply chain management and inventory sourcing. Payment security concerns and logistical challenges in areas beyond major urban centers further complicate market entry calculations. Despite these obstacles, Egypt's sheer market size and improving digital infrastructure suggest potential for long-term e-commerce growth, particularly for players willing to make strategic investments in localised solutions that address current market limitations.

The table below displays our E-Commerce Maturity Index for key MENA markets.

MENA - E-Commerce Maturity Risk/Reward Index (2025)

	Industry Rewards	Country Rewards	Rewards	Industry Risks	Country Risks	Risks	RRI	Global Rank
UAE	33.4	29.2	31.7	23.1	32.7	26.9	29.8	14
Saudi Arabia	46.2	27.9	38.8	34.6	27.6	31.8	36.0	21
Bahrain	59.9	35.2	50.0	15.7	64.7	35.3	44.1	31
Egypt	58.8	55.6	57.5	53.7	73.2	61.5	59.1	56
Kuwait	59.9	58.3	59.3	59.5	58.3	59.0	59.2	57
Algeria	68.3	51.9	61.7	71.5	77.9	74.0	66.7	64
Tunisia	77.5	51.6	67.1	59.6	80.8	68.1	67.5	65
Regional Average	57.7	44.2	52.3	45.4	59.3	51.0	51.8	na
Global Average	50.0	50.0	50.0	50.0	50.0	50.0	50.0	na

Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. na = not applicable.
Source: BMI E-Commerce Maturity Risk/Reward Index

Sub-Saharan Africa E-Commerce Outlook

E-commerce across Sub-Sharan Africa (SSA) continues to grow from a low but high-demand base, driven by a relatively more stable inflationary environment and moderate exchange rate risks. Across the region, total consumer goods spending via e-commerce will reach USD22.6bn in 2025, with Nigeria and South Africa leading the market. By 2029, spending will grow to USD38.0bn, benefitting from rising disposable incomes and higher levels of digitalisation. While e-commerce penetration remains modest by global comparisons, mobile money integration is crucial for reaching the unbanked population. However, logistical challenges persist due to underdeveloped transport infrastructure and complex trade bureaucracy, which hinder efficient delivery and increase costs. Improved 4G and 5G adoption will further enhance online shopping experiences; however, overcoming these logistical barriers will be vital for greater e-commerce success in the region.

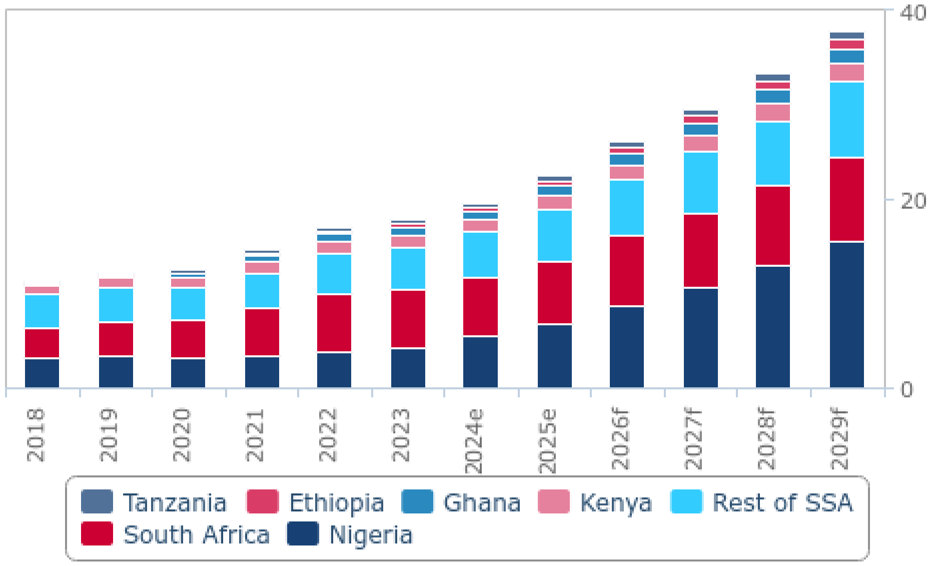
E-Commerce Spending Outlook

Total Spend

Over 2025, total consumer goods spending via the e-commerce channel will reach USD22.6bn. Spending growth will remain strong, at 14.7% y-o-y, following slower growth of 4.7% and 10.4% y-o-y experienced over 2023 and 2024 respectively, as a more stable inflationary environment emerges and exchange rate risks moderate. Through to 2029, growth will average a robust 14.1% y-o-y, with total spending rising to USD38.0bn. Growth will continue to benefit from rising levels of disposable incomes and improving digitalisation in the wider consumer and retail space. For SSA, opposed to many other global markets, e-commerce stands to be the means that trade shifts away from open-air markets, instead of moving to brick-and-mortar stores.

By total spending, Nigeria is the largest e-commerce consumer market in the region, with consumer spending via e-commerce channels totalling USD6.8bn over 2025. This is closely followed by South Africa, at USD6.7bn worth of spending on consumer goods via the e-commerce channel, which has a relatively more dispersed base of spending. Markets such as Kenya, Ghana, Tanzania and Ethiopia will all spend less than USD2bn via the e-commerce channel over both 2025 and through the medium term (2025-2029). By 2029, Nigerian spending will grow to USD15.5bn, as the market benefits from a larger than 200mn population, which has had to rely on e-commerce to overcome the fragmented physical retail landscape. By comparison, spending in South Africa will grow to USD9.0mn. Spending in the rest of SSA will grow from USD5.5mn in 2025 to USD8.0mn in 2029, which translates to an average annual growth rate of 7.6% y-o-y.

South Africa And Nigeria The Largest Markets For E-Commerce
SSA - Household Goods Spending Via E-Commerce, USDbn (2018-2029)

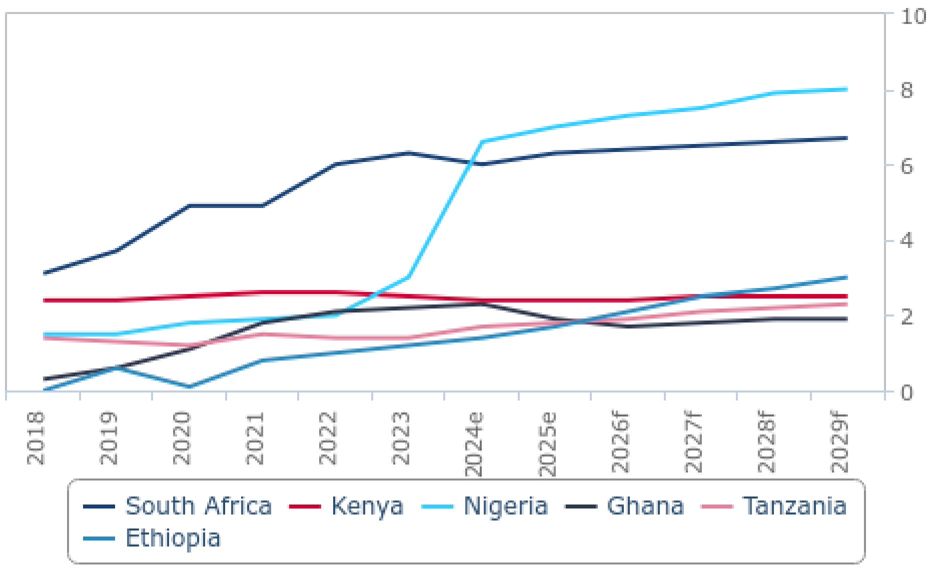


e/f = BMI estimate/forecast. Source: National statistics, BMI

Proportional Spend

In 2025, e-commerce penetration remains modest, with just 3.5% of consumer goods spending across the region going through e-commerce channels. South Africa and Nigeria both average above the SSA region, at 6.3% and 7.0% respectively, while in Ghana, Tanzania and Ethiopia the proportion is below 2%. By 2029, we forecast this rate to reach around 4% of consumer goods spending, remaining relatively modest by global standards. In Nigeria, the proportion will reach roughly 8%, while in South Africa it will rise to 6.7%. Kenyan e-commerce spending on consumer goods will continue to hover at the 2.5% level. Generally, adoption of e-commerce will continue to grow; however, the concertation will largely be retained in the key urban centres across the continent.

Spending Will Be Proportionally Lower Than 10%
SSA - E-Commerce Spending, % of total consumer goods spending (2018-2029)



e/f = BMI estimate/forecast. Source: National statistics, BMI

Region's Demographics Will Shape The Evolution Of E-Commerce

Considering the recent uptake in e-commerce globally, different generations exhibit distinct preferences. Gen Alpha (ie, those aged 0-15 years old in 2025) are digital natives who are drawn to immersive experiences and artificial intelligence-driven shopping. Gen Z (aged 16-28 years old) prioritise mobile commerce, authenticity and personalised interactions. Millennials (29-44 years old) research thoroughly, embrace omnichannel approaches, and willingly pay for convenience and values alignment. Gen X (45-65 years old) value practicality, reliability and detailed information while maintaining platform loyalty. Baby Boomers (65-plus) are becoming increasingly comfortable online and prefer simplified desktop interfaces with clear security measures and return policies from established brands.

Generational E-commerce Usage Patterns

E-commerce Usage Characteristics

Gen Alpha
0-15 years

- Native digital shoppers who expect highly interactive and immersive shopping experiences
- Heavily influenced by social media content and virtual experiences for purchasing decisions
- Comfortable with voice shopping, AI recommendations, and emerging technologies

Gen Z
16-28 years

- Mobile-first shoppers who prefer shopping apps and social commerce platforms
- Value authenticity, sustainability, and ethical practices when choosing brands
- Expect personalized experiences and engage with brands through multiple digital touchpoints

Gen Y (Millennials)
29-44 years

- Conduct extensive research online before making purchases, reading reviews and comparisons
- Embrace omnichannel shopping experiences that blend online and offline touchpoints
- Willing to pay premium prices for convenience, quality, and brands that align with their values

Gen X
45–65 years

- Practical online shoppers who value efficiency, reliability, and good deals
- More likely to be loyal to established e-commerce platforms with proven reliability
- Appreciate detailed product information and customer service accessibility

Baby Boomers and The Silent Generation
65+ years

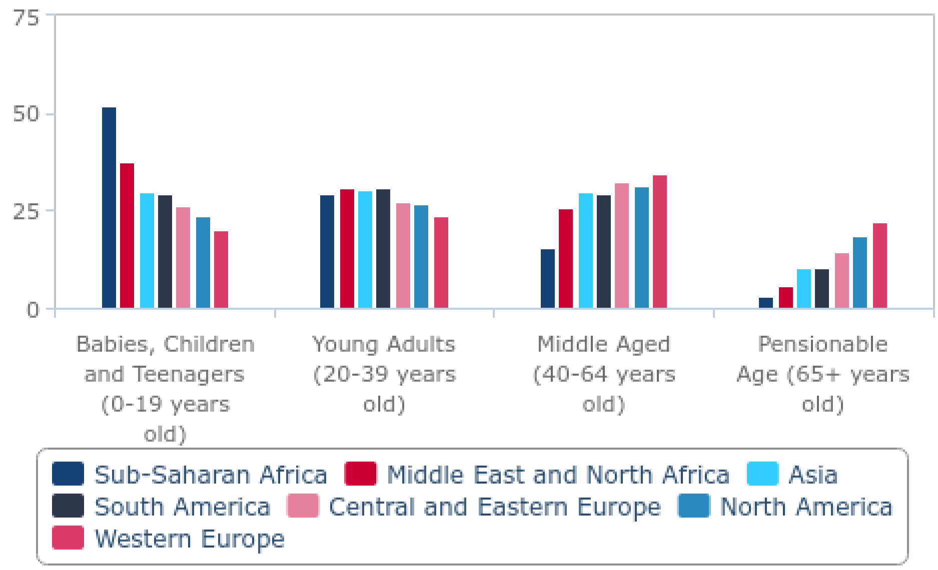
- Increasingly comfortable with e-commerce but may prefer simplified interfaces
- More likely to shop from desktop computers than mobile devices
- Value security, established brands, and clear return policies when shopping online

Source: BMI

In 2025, nearly 50% of the SSA demographic will be younger than 20 years old, while 30% of the population will fall between the ages of 20 and 39 years old. For e-commerce players, this is both a considerable longer-term opportunity and a present drag. The large teenage population in SSA is different to developed markets, as phone ownership and e-commerce penetration is low; however, over the medium-to-longer term, this demographic will form the key target market for retailers. E-commerce retailers will heavily invest in these consumers choosing digital over physical retail, while still curating their apps and experiences to have simplified interfaces with robust security features to accommodate the gradual digital adoption of older demographics, who have the higher spending power.

SSA's Young Demographic Provides Opportunities

Global – Regional Demographic Breakdown, % of population (2025)



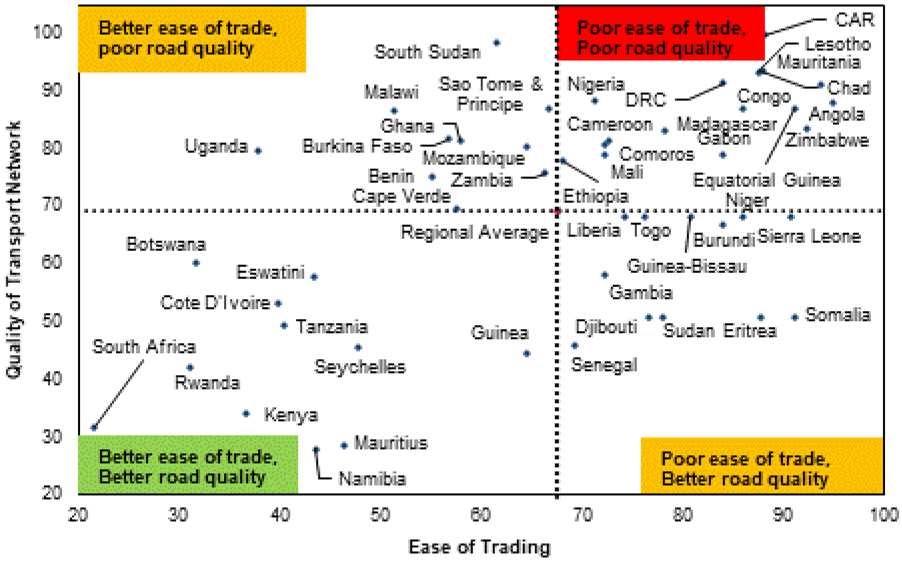
Note: May include territories, special administrative regions, provinces and autonomous regions. BMI forecast. Source: National sources, BMI

Logistics The Key Stumbling Block To The Region

The key challenge that e-commerce players face in the SSA region is undeveloped transport infrastructure and difficulty in trade bureaucracy. SSA underperforms the global average under our Operational Risk's Quality of Transport Network Index, scoring 69.2 out of 100 compared with 50.0 out of 100. Markets such as Nigeria (88.5 out of 100), Ghana (81.5 out of 100) and Ethiopia (77.8 out of 100) all form key high potential e-commerce markets; however, the quality of their transport infrastructure will weigh on the attractiveness and accessibility of e-commerce. East Africa and Southern African markets such as South Africa, Namibia, Kenya and Tanzania fall into a more favourable trading environment. These markets also have higher transport network quality. For e-commerce players and last-mile delivery players, a greater level of caution and higher investment will be directed towards navigating challenges, through the placement of distribution centres as well as the chosen transport mode for deliveries.

Ease Of Trade And Transport Challenges Weigh On E-Commerce Investments

SSA - Quality Of Transport Network & Ease Of Trading Risk (2025)



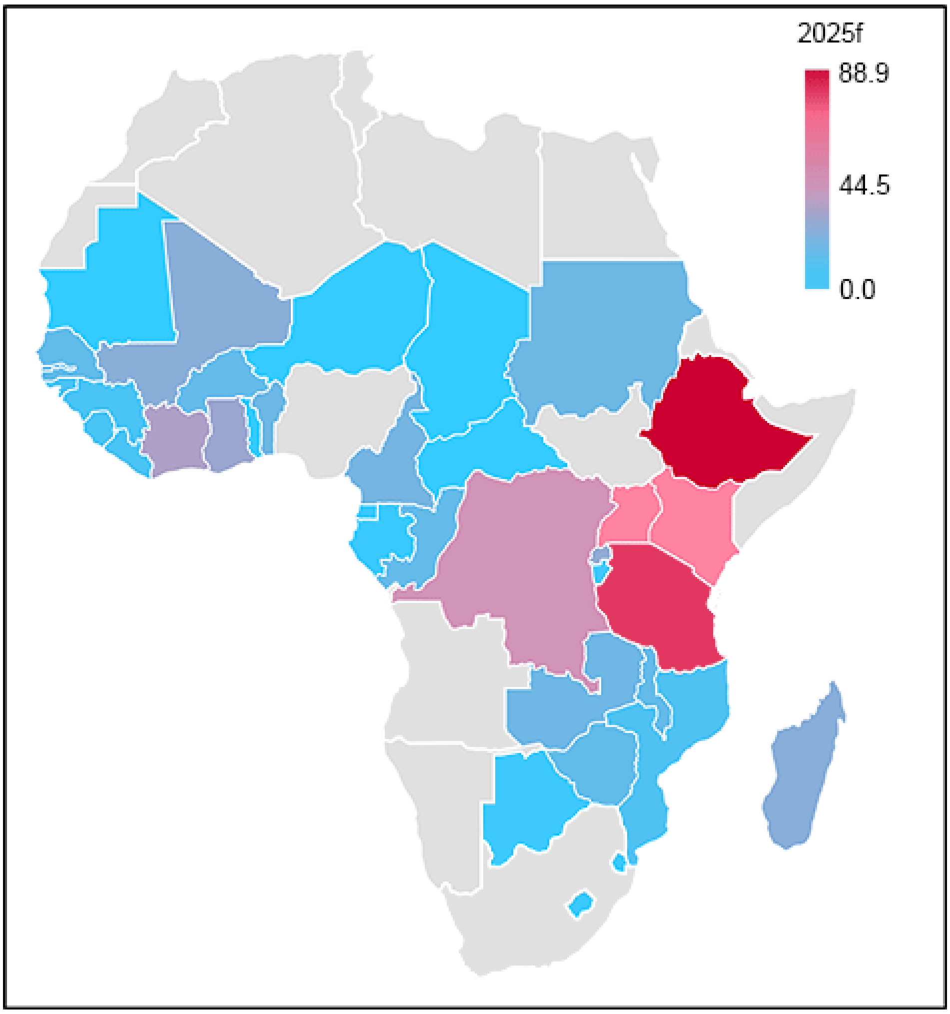
Note: Scores out of 100; lower score = more attractive market. Source: BMI Operational Risk Index

E-Commerce Players Will Need To Tap Mobile Money

Mobile money, such Safaricom's M-Pesa, Orange Money and MTN's MoMo, has become deeply entrenched in SSA as a means of reaching the large unbanked community. East Africa is a key standout, with markets such as Ethiopia having nearly 90mn mobile money accounts in 2025, above 70mn in Tanzania and over 44mn in Kenya and Uganda respectively. There are also over 20mn mobile money accounts in markets such as Rwanda, Ghana and Côte d'Ivoire. E-commerce players will therefore need to integrate mobile money as much as possible into its infrastructure in order to capitalise on a large consumer base, rather than relying on traditional payment options (eg, debit and credit cards). Several e-commerce platforms in SSA are already taking such steps, with the likes of Jumia, Konga, Copia, Glovo and Takealot integrating mobile money services such as M-Pesa, MTN Mobile Money Airtel Money, and EcoCash as payment options. These integrations help to reach underserved populations and support informal commerce through platforms such as WhatsApp and Facebook Marketplace.

East Africa Noticeably Leverages Mobile Money

SSA - Number Of Mobile Money Accounts, mn (2025)



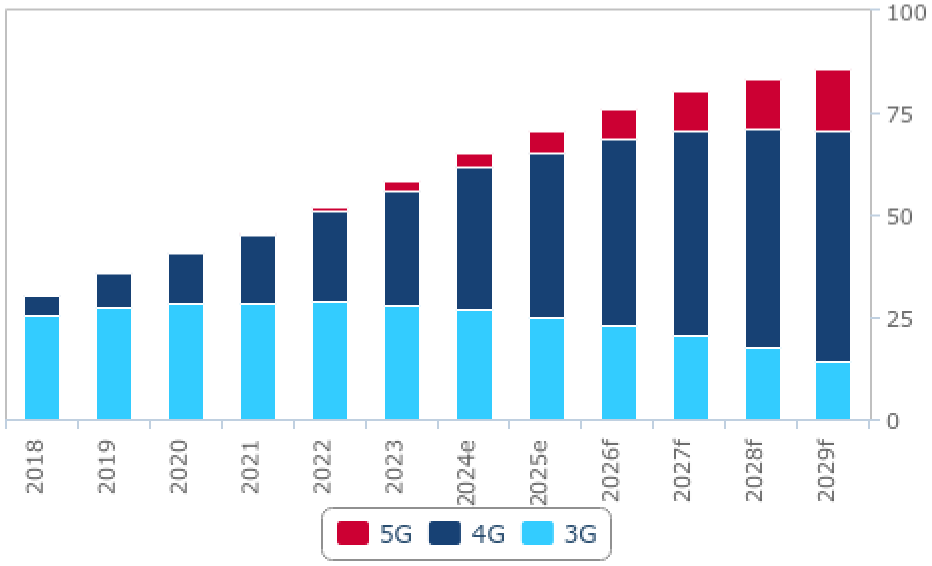
Note: BMI forecast. Source: Operator results, BMI

Greater 3G, 4G And 5G Adoption To Support E-Commerce

Wider 4G and 5G adoption in SSA will boost e-commerce by enabling faster, more reliable internet access. As 4G overtakes 3G and 5G gains traction, users benefit from smoother browsing, quicker checkouts and richer media experiences - all of which enhance online shopping and point to greater levels of smartphone adoption. This improved connectivity supports mobile-first commerce, especially when paired with mobile money, and allows platforms to reach more users in urban and peri-urban areas. 5G also opens doors for innovations such as real-time delivery tracking and immersive shopping, making e-commerce more efficient, engaging and accessible across the region.

Growing Number Of Phones To Have E-Commerce Capabilities

SSA - Mobile Phone Subscriptions, per 100 population (2018-2029)

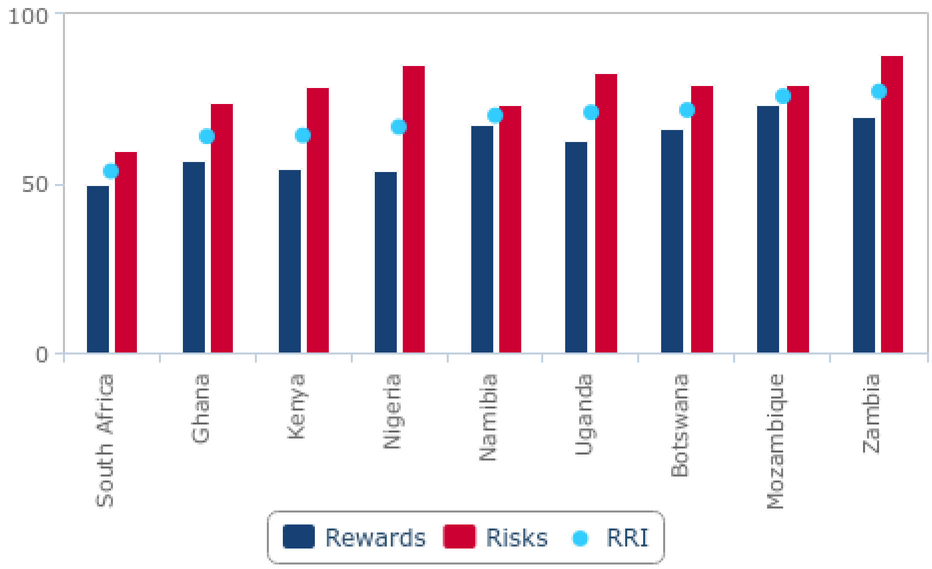


e/f = BMI estimate/forecast. Source: National statistics, BMI

Sub-Saharan Africa E-Commerce Maturity Risk/Reward Index

Sub-Saharan Africa (SSA) ranks the lowest in our 2025 E-Commerce Maturity RRI, with an average score of 68.1 out of 100. However, e-commerce investment and expansion continue due to rising household spending growth and a youthful, adaptable consumer base. Despite facing significant risks such as poor logistics, regulatory challenges and political instability, which deters wider investment, the region still offers pockets of opportunities for e-commerce expansion. South Africa leads with solid fundamentals, while Ghana, Kenya and Nigeria present promising prospects amid substantial risks.

Weak Scores Across The Region, Weighed Down By Risks
SSA - E-Commerce Maturity Risk/Reward Index (2025)



Note: Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Rewards Index

Main Regional Features And Latest Updates

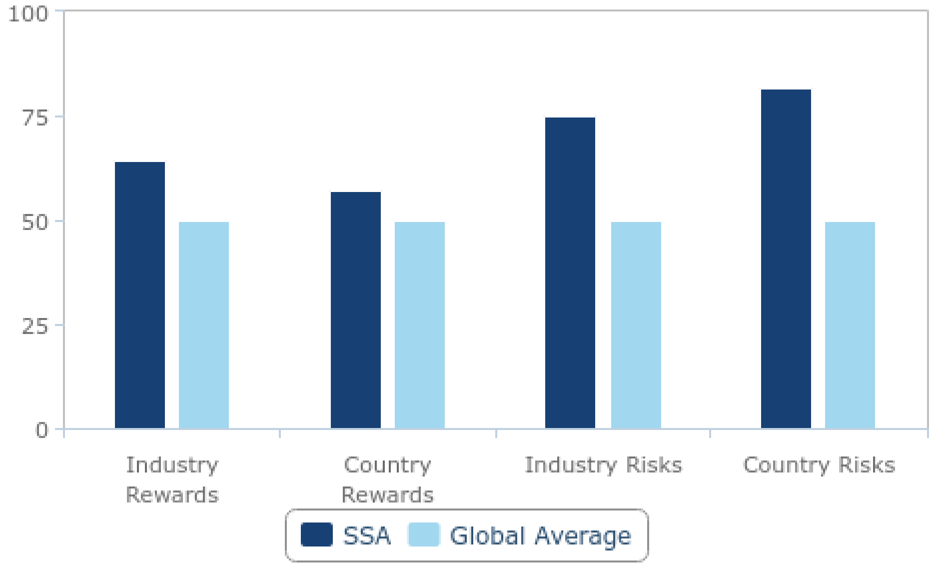
- SSA is the least attractive region in the 2025 E-Commerce Maturity Index, with an average RRI score of 68.1 out of 100. However, robust medium-term (2025-2029) household spending growth and a large youthful population will drive e-commerce investments in the region, as the consumer base is highly malleable.
- SSA e-commerce faces significant challenges, with a high overall Risk score of 77.8 out of 100. These include poor logistics, regulatory environments and high Country Risks, which are exacerbated by economic volatility and political instability, necessitating infrastructure and regulatory improvements, and ultimately deterring wider investment.
- South Africa is the standout market in SSA, ranking highest regionally and 47th out of the 75 markets globally in our E-Commerce Maturity Index, with promising market fundamentals supported by internet connectivity and digital payment adoption. However, it faces challenges from high political risk and operational hurdles.
- Ghana, Kenya and Nigeria are key markets in SSA, each facing significant risks but offering high potential. Ghana ranks second regionally, with strengths in investment openness. By comparison, Kenya leads in Industry Rewards driven by household spending growth. Despite a sizeable target market, Nigeria faces high operational and political risks impacting its e-commerce attractiveness.

E-Commerce Maturity Risk/Rewards Index

SSA is positioned as the sixth and least attractive region in our 2025 E-Commerce Maturity Index, with an average RRI score of 68.1 out of 100, behind the global average score of 50.0 out of 100. Despite being ranked last out of six regions, SSA presents unique opportunities for e-commerce growth due to its distinct regional characteristics. The region scores 61.7 out of 100 under the Rewards pillar, driven by a notable Industry Rewards profile, at 64.6 out of 100 (albeit weaker than the global average of 50.0 out of 100), which highlights the potential for expansion in consumer goods spending and digital payment adoption. The SSA region benefits from a burgeoning consumer class with increasing internet connectivity, which collectively create a favourable environment for online retail growth. However, the region faces significant risks, with a high Country Risk score of 81.9 out of 100, impacting its overall Risk score of 77.8 out of 100. These challenges are highlighted by poor logistics and regulatory environments, while lagging investment openness and retail formalisation weigh on e-commerce adoption.

Region Underperforms Across All Four Pillars

SSA - E-Commerce Maturity Risk/Reward Index (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Rewards Index

Rewards Profile (61.7 out of 100; moderate risk)

SSA presents a mixed e-commerce Rewards profile, ranking sixth among the six regions we cover globally. The region's Rewards profile is influenced by its Industry Rewards score of 64.6 out of 100, highlighting significant potential in consumer goods spending and digital payment adoption. SSA is weighed down by underdeveloped internet connectivity (at 75.5 out of 100) and a limited mass affluent class (scoring 87.9 out of 100), which provide a limited foundation for e-commerce growth. though this is tempered by lower urban and spending population metrics. While some markets demonstrate promising growth prospects driven by increasing digital adoption, overall consumer spending power remains constrained by economic disparities and lower per capita incomes. Despite these challenges, SSA's e-commerce market holds substantial unrealised potential, contingent on improvements in economic conditions and digital infrastructure.

Risks Profile (77.8 out of 100; high risk)

In our risks profile, SSA ranks sixth out of the six global regions, reflecting a high-risk environment for e-commerce development. The region's Industry Risks are elevated, with scores indicating significant challenges in logistics, regulatory environments and retail formalisation. These risks are compounded by a high Country Risks pillar score of 81.9 out of 100, including economic volatility, political instability and operational challenges that exceed global averages. The fragmented retail landscapes are creating a complex environment for e-commerce operations. However, opportunities exist for improvement, particularly through investments in infrastructure and regulatory reforms that could enhance investment openness and stability. Addressing these risks is crucial for unlocking the region's e-commerce potential and achieving sustainable growth.

SSA - E-Commerce Maturity Risk/Reward Index (2025)

	Industry Rewards	Country Rewards	Rewards	Industry Risks	Country Risks	Risks	RRI
SSA Average	64.6	57.3	61.7	75.1	81.9	77.8	68.1
Global Average	50.0	50.0	50.0	50.0	50.0	50.0	50.0

Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Rewards Index

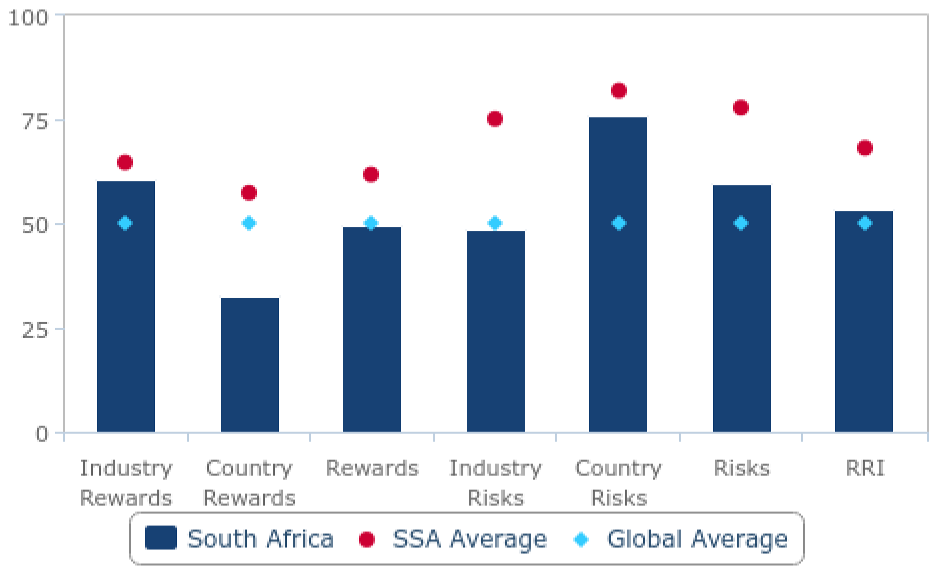
South Africa The Standout Regional Market For E-Commerce

In 2025, South Africa holds an overall RRI score of 53.5 out of 100, ranking as the strongest scoring market in SSA region (out of 10 markets) and 47th globally out of 75 markets. Despite underperforming the global average, the market fundamentals are promising, with South Africa scoring 32.5 out of 100 for Country Rewards. The spending population scores of 11.5 out of 100 and 19.2 out of 100 under the urban population figure highlight that the market is primed for e-commerce penetration. Internet Connectivity, with a score of 20.9 out of 100, remains a positive element, supported by a digital payment adoption score of 50.0 out of 100, both of which will be key supportive factors for retailers moving their physical operations to a more omnichannel approach. A more tempered Industry Rewards pillar score of 60.8 out of 100 is closer to the SSA average (at 64.6 out of 100) and is reflective of a less attractive medium-term (2025-2029) outlook for real household spending and modest to weak per capita spending on consumer goods (scoring 75.7 out of 100 under the pillar).

South Africa faces ongoing challenges, with a Risk profile score of 59.6 out of 100, affecting its overall appeal to e-commerce giants. On the Industry Risks front, the market scores 48.7 out of 100, with specific scores of 47.4 out of 100 for the Regulatory Environment, 57.7 out of 100 for Retail Formalisation, 38.5 out of 100 for Investment Openness and 51.3 out of 100 for Logistics Risk. These factors have been key in foreign players such as Amazon, Shein, Temu and Yassir all expanding into South Africa, while mass grocery retailers such as Checkers, Pick n Pay and Woolworths all have considerable e-commerce penetration. To the downside, Country Risk is significantly impacted by a high Political Risk score of 91.0 out of 100, a Short-Term Economic Risk Index of 79.5 out of 100 and an Operational Risk score of 62.8 out of 100. These all pose substantial hurdles for e-commerce entrants and have been some of the reasons for why players such as Jumia have exited the market and Zando ceasing operations.

South Africa Outperforms Under Risks And Rewards

South Africa - E-Commerce Maturity Risk/Reward Index (2025)

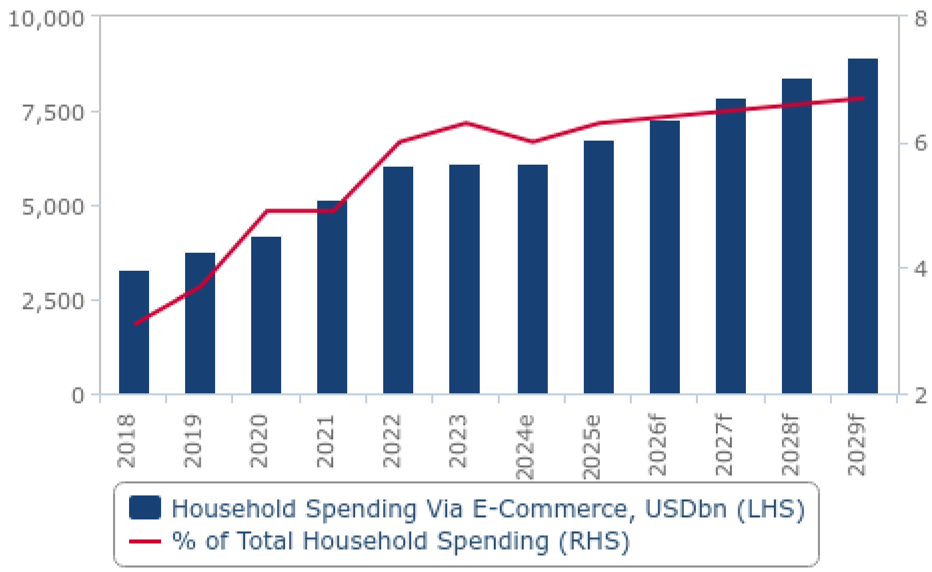


Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Rewards Index

Between 2025 and 2029, we expect a robust growth trajectory in household spending via e-commerce in South Africa. In 2025, household spending through e-commerce channels will reach USD6.7bn, marking a promising recovery from previous years. This upward trend is forecasted to continue, with spending projected to grow at an average annual rate of 7.3% y-o-y, leading to a total of USD9.0bn by 2029. The percentage of total consumer goods spending conducted via e-commerce will also see a steady increase, rising from 6.3% in 2025 to 6.7% by 2029. This growth indicates a continued consumer shift towards online shopping and underscores the significant market potential for both existing and new e-commerce businesses in South Africa. As digital infrastructure and consumer confidence improve, the e-commerce sector is well positioned for rapid expansion.

E-Commerce Uptake Will Continue To Grow

South Africa - Household Spending Via E-Commerce, USD (2018-2029)



e/f = BMI estimate/forecast. Source: National statistics, BMI

Ghana, Kenya And Nigeria Offer High Potential But Significant Risks

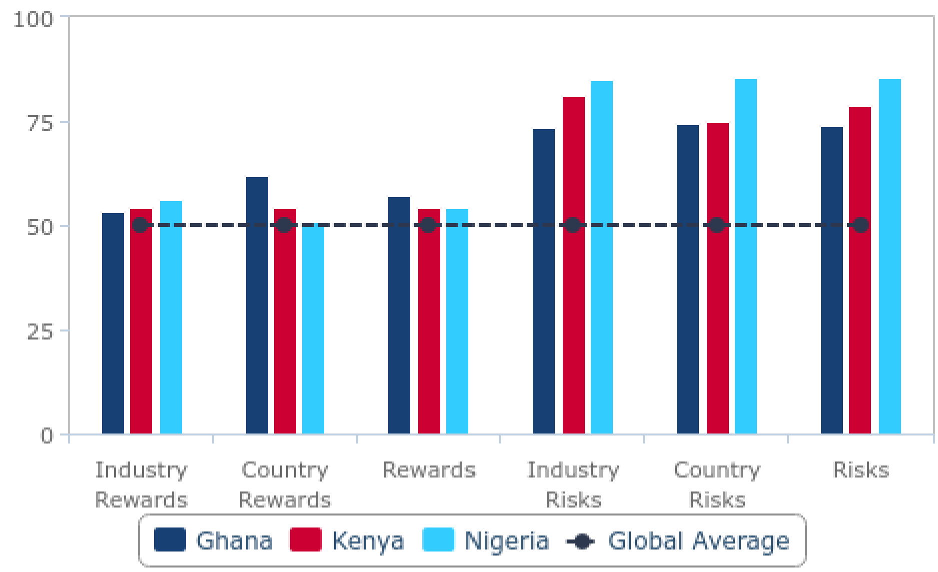
Ghana, Kenya and Nigeria remain focal points of interest as significant markets placed to influence SSA's e-commerce growth trajectory. However, these markets fall short of the global average across our six Risk and Reward pillars, with each ranking outside the top 60 markets (out of 75) globally.

Ghana holds the most favourable position among these markets, with an RRI score of 63.8 out of 100, ranking second in the SSA region and 60th globally. Ghana's Rewards score of 57.0 out of 100 reflects strengths in Real Household Spending Growth, Urban Population and Spending Population pillars. Despite these positive aspects, Ghana faces challenges, with an Operational Risk Index score of 79.5 out of 100 and a Country Risks score of 74.4 out of 100, indicating economic and political vulnerabilities. Nevertheless, Ghana's relatively strong performance in Investment Openness, scoring 67.9 out of 100, supports its Industry Rewards score of 53.5 out of 100.

Kenya ranks third in SSA and 61st globally, with an RRI score of 64.1. It has the highest Industry Rewards score in SSA, at 54.2 out of 100, driven by robust Real Household Spending Five-Year Growth. Kenya's Country Rewards score is 54.2 out of 100, contributing to an overall Rewards score of 54.2 out of 100. However, Kenya faces high Industry Risks, at 81.4 out of 100, due to challenges in the Regulatory Environment and Retail Formalisation. While Kenya shows a comparatively optimistic economic outlook relative to other SSA markets, it records a Country Risks score of 74.8 out of 100, highlighting ongoing challenges.

Risks The Key Headwinds To Ghana, Kenya And Nigeria

Ghana, Kenya & Nigeria - E-Commerce Maturity Risk/Reward Index (2025)



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI E-Commerce Maturity Risk/Rewards Index

Nigeria ranks fourth in SSA and 63rd globally, with an RRI score of 66.6 out of 100. The market's significant challenges are reflected in its Risks pillar score of 85.4 out of 100, which is among the highest in the region. Nigeria's Operational Risk Index is 92.3 out of 100, and its Political Risk Index is 94.9 out of 100, which significantly diminishes the attractiveness of the market for new entrants and major e-commerce players. High Logistics Risk (91.0 out of 100) and Regulatory Environment (91.0 out of 100) scores also result in a poor Industry Risks score of 85.3 out of 100. Despite a Rewards pillar score of 54.1 out of 100, with 56.3 out of 100 under Industry Rewards and 50.8 out of 100 under Country Rewards, Nigeria's e-commerce potential is constrained by relatively low digital penetration, scoring 93.2 out of 100 for both digital payment and internet connectivity metrics.

The following table displays our E-Commerce Maturity Index for key markets in the SSA region.

SSA - E-Commerce Maturity Risk/Reward Index (2025)

	Industry Rewards	Country Rewards	Rewards	Industry Risks	Country Risks	Risks	RRI	Regional Rank	Global Rank
South Africa	60.8	32.5	49.5	48.7	76.0	59.6	53.5	1	47
Ghana	53.5	62.2	57.0	73.7	74.4	74.0	63.8	2	60
Kenya	54.2	54.2	54.2	81.4	74.8	78.8	64.1	3	61
Nigeria	56.3	50.8	54.1	85.3	85.6	85.4	66.6	4	63
Namibia	73.6	58.6	67.6	67.3	82.7	73.5	70.0	5	69
Uganda	64.1	61.5	63.0	81.6	84.3	82.7	70.9	6	70
Botswana	68.3	63.8	66.5	80.1	78.2	79.4	71.6	7	71
Mozambique	77.5	67.3	73.4	69.9	92.6	79.0	75.7	8	73
Zambia	73.4	64.4	69.8	87.5	88.8	88.0	77.1	9	75
Regional Average	64.6	57.3	61.7	75.1	81.9	77.8	68.1	na	na
Global Average	50.0	50.0	50.0	50.0	50.0	50.0	50.0	na	na

Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. na= not applicable.
Source: BMI E-Commerce Maturity Risk/Rewards Index

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